



DEPARTMENT: WATER AFFAIRS
AND FORESTRY

**Annual
REPORT
2002 / 2003**

The Department of Water Affairs and Forestry

OUR VISION

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

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

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

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

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

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

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

OUR MISSION

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

Conserving, managing and developing our water resources and forests in a scientific and environmentally;

sustainable manner in order to meet the social and economic needs of South Africa, both now and in the future;

Ensuring that water services are provided to all South Africans in an efficient, cost-effective and sustainable way;

Managing and sustaining our forests, using the best scientific practice in a participatory and sustainable manner;

Educating the people of South Africa on ways to manage, conserve and sustain our water and forest resources;

Co-operating with all spheres of Government, in order to achieve the best and most integrated development in our country and region;

Creating the best possible opportunities for employment, the eradication of poverty and the promotion of equity, social development and democratic governance.

OUR VALUES

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

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

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

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

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

CORE VALUES FOR TRANSFORMATION

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

We have the courage to change.

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Part 1 General Information

Introduction

The World Summit on Sustainable Development (WSSD) held in South Africa in August 2002 and the Third World Water Forum in Japan in March 2003 showed that South Africa is held in high regard internationally. Based on our reputation for sustainable use of forest resources, South Africa's assistance was sought during the WSSD to find ways to protect and preserve the tropical forests of Central Africa. And South Africa's path-breaking approaches to water resource use and protection, our successes in making the right to water a reality for the millions who in 1994 did not have it were widely commended.

Before and during WSSD, the Department's officials played an active role in promoting South Africa's approach to water and forest management and ensuring that the Summit was successful. One of the largest side events at the Summit, the WaterDome, was organised by the Department in collaboration with African and global partners. South Africa's leadership role continued at the Kyoto Third World Water Forum. This reflected the intensive efforts made to support improved water management elsewhere on the continent through the agencies of SADC and NEPAD. The co-operative efforts have produced practical results such as completion of the Mohale Dam, part of Phase 1B of the Lesotho Highlands Water Project, on time and on budget, and the signing by Mozambique, Swaziland and South Africa of a water sharing agreement for the Incomati River during the WSSD.

Water resources

The water resource challenge facing the country was illustrated by the United

Nations World Water Assessment Report, released in Kyoto, which reported that only 30 out of the 182 countries surveyed have less water available per person than South Africa. This underlines the importance of implementing a coherent National Water Resources Strategy (NWRS). A priority task during the year was thus the intensive consultation on the draft NWRS, involving over 80 meetings and generating nearly 2000 formal, written comments.

The NWRS complements the National Spatial Development Perspective by ensuring that regional social and economic development is guided by the availability of natural resources. As an example, urgent developments are being undertaken in the Olifants River Basin, as announced by President Mbeki in his 2003 State of the Nation address, to support existing agriculture and meet the water needs of the new mining development in the Limpopo Province. Already and almost unheralded, the R250 million Lebalelo water scheme was built and brought on stream in record time by a partnership between mining companies, communities and the different spheres of Government ensuring availability of water for the communities along its 90 km length as well as for mining expansion. While the raising of the Flag Boshielo Dam is underway, access to water has been assured by an agreement facilitated by the Department with emerging farmers who have temporarily ceded their water allocations in exchange for financial assistance to rehabilitate their irrigation schemes.

In parallel with new approaches to partnership in water management to meet new needs, a priority is also to maintain existing water supplies at acceptable levels of assurance. Concern about the maintenance and operation and financing of the national

water resource infrastructure, currently valued at R55 billion, has seen continued work on institutional options to assure its continued optimal operation. In the light of the challenge of maintaining appropriate standards of operation, maintenance and staffing, work on a business case for the organisation of these activities in a more appropriate public entity structure was initiated in terms of Public Service guidelines.

Water services

Following the establishment of municipalities in December 2000 and confirmation of their powers and functions (effective on 1st July 2003) the way in which the Department has been operating in the field of water and sanitation services has begun to change from direct delivery of services to "developmental regulation".

An example of this approach has been the implementation of the Free Basic Water policy by municipalities, with technical assistance from the Department. Working with the South African Local Government Association (SALGA), departmental officials helped municipalities to apply the Inter Governmental Financial System which is managed by the Department of Provincial and Local Government (DPLG) and National Treasury to their water service budgets.

Similarly, the transfer of water and sanitation schemes from the Department to municipalities was driven by a team including National Treasury, DPLG and SALGA. A joint approach to transfers was developed which was acceptable to all parties from a financial, human resources and functional perspective. In support of this, a detailed survey of the state of the R10 billion infrastructure of the schemes was undertaken. This found that the maintenance backlog was nearly R710 million, again highlighting the cost of underfunding maintenance

In the area of sanitation, the Department has led the National Sanitation Task Team which continued to function reasonably well to co-ordinate the implementation of sanitation programmes and the pace of delivery increased noticeably. In the absence of a local Government "cluster" of Departments, co-ordination was however difficult in other areas. A particular need was identified to ensure that the new Municipal Infrastructure Grant, which will replace the Department's capital grants to local government, is effectively implemented. If water and sanitation backlogs are to be addressed within the timeframes that have been set, conditions for the new funding channel will have to ensure that funding is targeted for that purpose. Proposals were made but not finalised during the current year.

Finally, preparation of a draft Water Services White Paper was completed during the year following extensive consultation. This will now be finalised at a political level.

Forestry

Progress in forestry restructuring reached a milestone with the closure of the forestry trading account at the start of the financial year. Discussions were held with National Treasury to ensure that adequate budgetary provision is made for ongoing liabilities such as the conversion of forestland to other uses.

While over 100 000 hectares of plantation forests have now been transferred to SAFCOL or private operators, some 65 000 hectares remain under departmental management. While the Department had intended to restructure these smaller plantations through a similar disposal process, the limited commercial potential and the large number of land claims has led to a review of the approach which may delay the process.

During the year, a number of proposals were considered for the transfer of the manage-

ment of indigenous forests under the Department's supervision to other conservation agencies. The Department has a responsibility to ensure that the views of key stakeholders about management arrangements are taken into account but significant progress is expected in the coming year.

Corporate services

During the year, significant progress was made to ensure that the activities of the Department are guided by a strategic plan, prepared in terms of the relevant guidelines which are reflected in the reports from individual programmes. The complex programme structure which made it difficult to link activities to key outcomes and outputs was revised during the year. A new, simplified structure will be implemented from 1 April 2003 and reflected in next year's annual report.

While this will simplify reporting, it will not yet allow readers to measure the performance of the sectors as a whole and does not provide information on the outcomes that are sought by agencies such as the South African Human Rights Commission (SAHRC). Following consultation with the SAHRC, a model format was developed to report on the "State of Water Services". Similarly a partial "State of Water Resources" is included in this report for the first time. Full reporting on Water Resources and the "State of Forestry" will be introduced in the next annual report.

For financial management, it had been decided to move to the BAS system provided by National Treasury since it was responsible practice to use the core transversal systems of Government as many functions will be transferred to other Departments or spheres of Government. Implementation was delayed for external reasons, which again delayed the application of full accrual accounting. The BAS system was due to be

implemented on 1st April 2003.

The contract for the IT function of the Department, which had been outsourced three years previously, came up for renewal. On the basis of the experience gained in the first round, new contract arrangements were drawn up and after an intensive procurement process, the tender was awarded to arivia.com at a very competitive price. As important, the transition from the old to the new contract was achieved with minimal disruption to services and staff concerned.

The Human Resources function focused on supporting the restructuring activities during the year with a streamlined new approach integrating work study and organisational development. Considerable effort was also focused on promoting the implementation of the internal restructuring of the Department in terms of Resolution 7 of the Public Services Bargaining Council.

The challenges of meeting employment equity targets continued to be addressed vigorously. While overall representivity targets have been reached, specific areas of concern are the failure to meet targets in the technical domains and the relatively low proportion of women in management positions. Continued efforts are being made to ensure that the Department attracts a fair share of the very limited number of technically qualified black staff for its specialist functions. These begin with work at school level to promote an interest in water and forestry management, continue through bursary programmes (which were reviewed during the year) and include sector support (through the Water Research Commission) for post-graduate research to ensure that designated groups in particular have a pathway to high-level professional careers in water and forestry management. Existing follow-up to ensure career development through career planning and mentorship was strengthened.

While the overall staff turnover rate is satisfactory, even low (8%), this disguises a much higher rate of turnover amongst black staff in the higher levels of management. This reflects the mobility which is contributing to healthy improvement in representivity across the Public Service but it has weakened management in key areas.

Conclusion

The work of the Department continues to be dominated by ongoing restructuring. This has already seen the number of staff fall from a high of over 26 000 in 1996/7 to 20 182 last year and 18 606 at the end of March 2003. With the proposed transfer of 8 000 staff to local government, 2 000 in forestry and 1 000 from Government Water Schemes to Water User Associations, it is expected that the Department will reach a target size of approximately 7 500 people within three years.

The triple task of managing existing operations, initiating new approaches and managing the transition has placed a huge burden on all the officials of the Department during the past year. I would like to thank them all for their continued dedication to their vital work which underpins the social and economic life of the nation.



Mike Muller

Director-General

Department of Water Affairs and Forestry

Information on the Ministry

Executive authority

The Minister of the Department of Water Affairs and Forestry has Executive Authority over the 15 Water Boards. The Minister also has Executive Authority over the Water Research Commission, the Trans-Caledon Tunnel Authority, the Komati Basin Water Authority, the 234 Irrigation Boards, the 26 Water Users Associations and the Catchment Management Agencies, after they have been established.

Bills to Parliament

There were no Bills that were submitted by the Minister of Water Affairs and Forestry to Parliament during the financial year of 2002/03.

International Visits

The Minister undertook the following international visits:

April 2002

Attended the launching meeting of African Ministerial Conference on Water in Nigeria and combined it with a bilateral visit.

This visit established the basis for promoting the New Partnership for Africa's Development (NEPAD) agenda on water as well as supporting the South African partnership initiation with Nigeria.

May 2002

Minister was invited to participate in the meeting of Asian Water Ministers in Bangkok organised by the International Water Management Institute.

Participation helped to build a common position with Asian countries ahead of the World Summit on Sustainable Development (WSSD).

June 2002

Minister attended the 3rd preparatory meeting of the WSSD.

August 2002

Minister attended the Stockholm Annual Water Symposium in Sweden.

In addition to promoting specific South African programmes, this was also a final preparation for the WSSD.

November 2002

Minister visited India on a bilateral visit focusing mainly on the sanitation programme of the Indian Government

The approaches adopted in India have guided the development of the South African sanitation programme.

December 2002

Minister attended the follow-up Joint Bilateral Commission meeting between Cuba and South Africa in Havana, Cuba.

February 2003

Minister attended the African Ministerial Conference on Water meeting held in Egypt and also had bilateral meetings with his Egyptian counterparts.

In addition to promoting the NEPAD initiatives, Egypt is also a key partner in the water sector due to their long water management history.

March 2003

Minister attended the 3rd World Water Forum in Kyoto, Japan.

South Africa played a leading role and has successfully influenced the global water sector policy in a manner that should be supportive of the NEPAD initiatives.

State of Water Resources Report

A key function of the Department is to monitor and report on the state of the nation's water resources. In addition to information on water use and water storage, future reports will include data on the quality of water resources as well as on the environmental resources.

WATER AVAILABILITY

In Table 1, the storage in the major reservoirs of South Africa at the end of March 2003 is compared to the storage at the end of March 2002.

Except for a small part of the country (Fish-Tsitsikamma and Gouritz Water Management Areas [WMAs]) most systems had less water stored due to the below average rainfall of the season.

The total storage capacity increased from 29 406 million m³ in 2002 to 30 079 million m³ in 2003 due to the completion of Inyaka Dam (121 million m³) in the Marite River, the raising of Midmar Dam (increased capacity of 60 million m³) in the Mgeni River, the inclusion of additional dams which are mainly from the former homelands (Xonxa, Lubisi and Ncora, De Mistkraal Dam) as well as updated reservoir basin survey information.

In spite of the lower storage, only two official water restrictions were in force during the reporting year, namely a 20 % restriction (80 % of the quota) at the Njelele Dam irrigation scheme for the whole year and a 40 % restriction (60 % of the quota) at the Kalkfontein Dam irrigation scheme for the whole year.

WATER USE

Water use is grouped into three sectors in this report:

- Domestic / Industrial (including mining and energy use)
- Irrigation
- Afforestation.

The water use reported in Table 2 is water use from the national water resources infrastructure owned by the Department from which bulk raw water is supplied, except for the afforestation use, which takes place before the water can enter into the national water resources infrastructure.

The Water Use Authorisation and Registration Management System (WARMS) has been implemented and are currently in use in the regions to manage and control the water use as defined above. During the year under review the National Register of Water Use has grown to more than 61 000 water users in all nine provinces, making South Africa one of the first countries in the world to achieve recording of information regarding water use at the property level.

Table 1: Total storage in major dams in Water Management Areas

NR	Water Management Area (WMA)	Storage 31 March 2002 (%)	Storage 31 March 2003 (%)	Total Storage capacity available 31 March 2002 (million m ³)	Total storage capacity available 31 March 2003 (million m ³)
1	Limpopo	99	72	279	279
2	Luvuvhu Letaba	94	66	462	461
3	Crocodile (W), Marico	96	73	756	779
4	Olifants	92	58	981	981
5	Inkomati	91	48	592	731
6	Usutu-Mhlatuze	99	84	3 466	3 466
7	Thukela	95	90	1 129	1 129
8	Upper Vaal	99	87	5 591	5 591
9	Middle Vaal	90	57	458	458
10	Lower Vaal	99	68	1 296	1 311
11	Mvoti-Umzimkulu	96	73	746	806
12	Mzimvubu-Keiskamma	98	79	556	990
13	Upper Orange	91	88	10 674	10 674
14	Lower Orange	3	100	20	20
15	Fish-Tsitsikamma	46	47	604	606
16	Gouritz	37	67	373	373
17	Olifants/Doorn	30	23	124	124
18	Breede	61	39	984	985
19	Berg	63	60	314	314
	Total	91	79	29 406	30 079

Table 2: Registered Water Use on 31 March 2003

NR	Water Management Area (WMA)	Registered Areas		Registered Volumes (m ³)		
		Area under irrigation (in hectares)	Area under afforestation (in hectares)	Forestry	Irrigation	Domestic / Industrial
1	Limpopo	108 465	536	233 416	304 421 610	45 007 369
2	Luvuvhu Letaba	52 620	53 994	28 205 559	208 999 540	38 010 961
3	Crocodile (W), Marico	167 070	20	15	198 931 417	67 452 807
4	Olifants	95 463	35 731	26 687 093	422 983 899	349 361 759
5	Inkomati	56 624	258 513	165 665 920	569 521 003	122 217 915
6	Usutu-Mhlatuze	38 211	394 647	215 851 728	146 437 659	236 903 014
7	Thukela	43 901	35 969	18 180 510	111 166 982	92 631 955
8	Upper Vaal	87 346	20	7 365	268 087 080	1 310 109 383
9	Middle Vaal	31 305	0	0	148 023 339	283 771 324
10	Lower Vaal	22 205	0	0	459 647 396	104 652 729
11	Mvoti-Umzimkulu	42 215	257 458	125 109 672	114 412 521	408 367 049
12	Mzimvubu-Keiskamma	14 909	54 675	21 295 621	62 514 881	125 967 368
13	Upper Orange	66 685	63	36 560	361 233 487	83 135 704
14	Lower Orange	55 669	0	0	995 996 671	71 979 789
15	Fish-Tsitsikamma	127 196	35 214	11 868 636	1 065 191 423	123 024 335
16	Gouritz	56 269	19 451	7 888 671	347 394 255	54 335 098
17	Olifants/Doorn	30 614	76	2 460	161 335 096	7 545 518
18	Breede	64 072	20 175	2 655 948	345 279 141	110 224 240
19	Berg	48 767	2 182	94 781	140 303 418	112 315 061
	Total	1 209 606	1 168 726	623 783 962	6 431 817 826	3 747 013 385

State of Water Services Report

For the first time an attempt has been made to report on the state of water services across the country.

1.1 Access to Basic Water Supply Infrastructure (millions)

Period	Census Population	Supply, Basic level or higher	No Improved Supply	% Access to services
Current (03/2003)	46.6	40.2	6.4	86
Previous Year (03/2002)	45.7	37.8	7.8	83
1994	39.8	23.9	15.9	60

Notes :

- Population figures given include needs growth based on a rate of 2% per annum
- Information provided is based on input from DWAF, Housing, DPLG & estimates from NGO & Local Government
- Access to services improved from 60% of population in 1994 to 86% of population in March 2003
- Figures only reflect infrastructure provided and not sustained services.

1.2 Access to Basic Sanitation Infrastructure (millions)

Period	Census Population	Supply, Basic level or higher	No Improved Supply	% Access to services
Current (03/2003)	46.6	29.2	17.3	63
Previous Year (03/2002)	45.7	27.6	18.1	60
1994	39.8	19.4	20.4	49

Notes :

- Population figures given include needs growth based on a rate of 2% per annum
- Information provided is based on input from DWAF, Housing, DPLG & estimates from NGO & Local Government
- The figures exclude information from the WASH programmes
- Access to services improved from 49% of population in 1994 to 63% of population in March 2003
- Figures only reflect infrastructure provided and not sustained services

Institution	Total Municipalities	Total Population (millions)	Municipalities Providing Free Basic Services	Population with FBW Services (millions)
Eastern Cape	43	7.4	29	2.0
Free State	21	2.9	20	2.8
Gauteng	13	8.4	12	7.8
KwaZulu-Natal	55	9.5	34	4.0
Limpopo	27	6.1	18	2.0
Mpumalanga	27	3.3	18	1.4
North West	27	3.8	20	2.0
Northern Cape	31	0.9	26	0.5
Western Cape	30	4.4	29	3.9
National	262	46.6	198 (76%)	26.4 (57%)

Notes :

- Figures provided reflect population with access to infrastructure that is currently receiving Free Basic Services.
- In Category B Municipalities, 44% of population are receiving free basic services.
- In metros, 86% of population are receiving free basic services.

2. Service Quality as reflected by Local Government

Perspective	Percentage meeting Reliability of service	Percentage meeting Service quality	Percentage meeting Water supply quality
National	75%	78%	76%
Rural	47%	56%	
Urban - Formal towns/Cities	91%	89%	45%
Metro	99%	94%	88%

Notes :

- Information is based on feedback from 55% of 185 (100) Local Governments providing services. The actual figures may be worse as only the better capacitated Municipalities were able to respond
- The figures reflect Local Governments perceived level of service quality
- A more intensive survey is currently underway to validate and extend figures

Notes :

- Information is based on feedback from 55% of 185 (100) Local Governments providing services. The actual figures may be worse as only the better capacitated Municipalities were able to respond
- The figures reflect Local Governments perceived level of service quality
- A more intensive survey is currently underway to validate and extend figures

3 Economic and Financial**3.1 Water Tariffs**

Perspective	Average tariff (20 - 60kl / month domestic)	Average tariff (> 60kl / month domestic)	Average tariff (Industrial)
National average	R 3.52	R 3.85	R 3.40
Eastern Cape	R 2.55	R 2.67	R 3.68
Free State	R 4.45	R 4.59	R 3.00
Gauteng	R 5.03	R 5.57	R 4.72
KwaZulu-Natal	R 4.46	R 4.63	R 4.64
Limpopo	R 4.15	R 5.66	R 3.00
Mpumalanga	R 3.39	R 3.57	R 3.72
North West	R 3.32	R 3.80	R 4.57
Northern Cape	R 2.74	R 2.89	R 3.12
Western Cape	R 3.18	R 3.55	R 3.56

Notes :

- 76% of municipalities have implemented the free basic water policy and supply 0 - 6kl per month at no cost
- The population weighted average tariff for 30kl of water is R3.98/kl
- Figures exclude connection fee
- Some municipalities combine business and industrial tariffs whilst others separate them and have significantly different tariffs
- The block tariffs do not include the basic monthly charge, which is commonly charged on industrial use (between R50.00 - R80.00 per month)

3.2 Capital Expenditure on basic services provisioning (R millions)

Program	Water		Sanitation	
	Projects 1994 to 2003 - Budget	Projects 2002 / 2003 - Budget	Projects 1994 to 2003 -Budget	Projects 2002 / 2003 - Budget
DWAF-CWSS	R 5,451.2	R 845.4	R 345.5	R 213.3
DPLG-CMIP	R 1,843.3	R 976.5	R 586.1	R 282.5
DH-Housing	R 862.2	R 169.3	R 862.2	R 169.3
DPW-Schools & Clinics	R 99.8	R 2.2	R 132.3	R 5.2
TOTALSECTOR	R 8,256.4	R 1,993.4	R 1,926.1	R 670.3

3.3 Estimated Water Services Operating Expenditure (R millions)

Perspective	Total Domestic Water Services Operating Expenditure	
	March 2003	March 2002
TOTALSECTOR	R 9,218	R 8,143
National Operating Expenditure	R 8,201	R 7,258
National Grants	R 1,017	R 885
Provincial	R 9,218	R 8,143
EC	R 696	R 614
FS	R 614	R 542
GT	R 3,177	R 2,812
KZ	R 1,058	R 935
LP	R 700	R 615
MP	R 350	R 307
NC	R 152	R 134
NW	R 945	R 834
WC	R 1,526	R 1,350
Sector	R 9,218	R 8,143
Metros	R 5,284	R 4,676
DWAF	R 836	R 725
Water Boards	R 2,093	R 1,852

Comments :

- Figures have been calculated and are not actual expenditure records (most municipalities do not have clear separation of expenditure for each of their services)
- Calculation is based on water consumption and tariffs of respective municipalities and Metros, assuming actual cost to be 70% of charged consumption
- Inflation of 13% is assumed for calculation of previous year cost of Non-DWAF services
- Non-DWAF sanitation expenditure is based on number of households using flush and chemical toilets at an average municipal rate (70% of household sewage tariff)
- Split of operating cost for rural towns (excluding main towns and Metros) is based on population served
- Water Boards expenditure is mostly recovered from respective Water Service Authorities (Metros, DMs and LMs) and these costs are not shown under the respective authorities.

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 establishes water services institutions, and defines their roles and responsibilities. Schedule 4 of the Constitution of the Republic of South Africa vests the responsibility for water and sanitation services, limited to potable water supply systems and domestic waste-water and sewage disposal systems, in Local Government. However, the National Government has a constitutional responsibility to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions, and also has the authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5 of the Constitution, by regulating the exercise by municipalities of their executive authority. The Water Services Act gives substance to these constitutional requirements and provisions, whilst acknowledging the authority of Local Government in respect of water services.
- **By the National Forests Act (No. 84 of 1998):** to ensure that South Africa's forest resources (indigenous and plantation) are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all. The administration of indigenous forests is however a concurrent competence between the National and Provincial Governments. When the Minister of Water Affairs and Forestry is certain that sufficient expertise, resources and administrative capacity exists in the Provinces, the Minister is empowered to assign or delegate to the Provinces the responsibility for managing indigenous forests.
- **By the National Veld and Forest Fire Act (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 which are established under the Act. The Department must also keep a record of fires, and develop a database capturing the statistics of fires and their impact on society.

Public entities reporting to the Minister of Water Affairs and Forestry

Trans-Caledon Tunnel Authority

In terms of the 1986 treaty on the Lesotho Highlands Water Project (LHWP) between Lesotho and South Africa, South Africa was obliged to establish the Trans-Caledon Tunnel Authority (TCTA) to implement the project on the South African side. This was done under the old Water Act. The establishment notice was completely revised by Government Notice 2017 of 24 March 2000 under the new National Water Act of 1998, which empowers the Minister of Water Affairs and Forestry to direct the TCTA to undertake activities outside the scope of the Lesotho Highlands Water Project.

Since the completion of Phase 1A of the project, the TCTA's treaty functions have been limited to the operation and maintenance of the project on the South African side. This is a minor function, which does not require full-time staff. The main business of the TCTA is now to raise funds and manage liabilities on behalf of 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. TCTA was directed by the Minister in 2001 to undertake the treasury management function of Umgeni Water.

In May 2002 the Minister directed the TCTA to implement the Berg Water Project (BWP) which will augment the water supply to the Western Cape Water System. TCTA will raise the funds required to finance the BWP via an off-budget funding mechanism. TCTA has appointed consultants for the design and

supervision of the construction of the BWP. Agreements between the Department and TCTA and the Department and the City of Cape Town respectively were drafted for the implementation and the supply of raw water. Mechanisms to comply with the environmental requirements related to the BWP were established.

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 is a board member, 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 purpose of the Act. The TCTA is authorised by the National Treasury to borrow R18 billion up to March 2003 for the LHWP and R1 500 million up to March 2006 for BWP after which the borrowing limits will be increased.

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 activity of the project was the construction of the Maguga Dam in Swaziland and the associated resettlement of affected people. In future the focus will be on the operation and maintenance of the Driekoppies and Maguga Dam in a manner that will optimise the benefits from this shared water project. Transfers for 2002/03 amounts to R148,3 million.

Water Research Commission

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

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

During this financial year, the WRC funded research to the value of R55 million for research projects and research support services and R12 million for knowledge dissemination/ technology transfer.

Water Boards

Chapter Six of the Water Services Act (No 108 of 1997) provides the legislative frame-

work in which Water Boards operate. In terms of the Act, the primary activity of a Water Board is to provide water services to other water services institutions within its service area.

Water Boards must enter into formal service provision agreements with the water service authorities (municipalities) in their service areas. The Act allows Water Boards to enter into other activities as long as these activities do not affect their ability to perform the primary activity and they should not jeopardise the financial viability of the Water Board and its ability to serve customers and users in its service area.

Members of a Water Board are appointed by and accountable to the Minister of Water Affairs and Forestry and they 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
 Botshelo Water
 Bushbuckridge Water Board
 Ikangala Water
 Lepelle Northern Water
 Magalies Water
 Mhlathuze Water
 Namakwa Water
 Overberg Water
 Pelladriфт Water Board
 Rand Water
 Sedibeng Water
 Umgeni Water

Water Boards for the period under review

Name of Water Board	Revenue		Capital Expenditure		Operating Expenditure		Fixed Assets 2001-02	External Debt 2001-02	Population served ('000s)	Number of staff
	2001-02 Actual	2002-03 Projected	2001-02	2002-03	2001-02	2002-03				
	(in R'000s)									
Albany Coast	2115		1 358	1 966	1 448				10	6
Amatola	54321	62 139	5 252	13 989	30 378	45 462	208	3 946	1 200	233
Bloem Water	92 692	114 656	4 750	2 300	55 798	69 156	261 459	42 743	800	244
Botshelo	79 907	85 000	-	-	80 077	82 000	342 672	385 246	821	388
Bushbuckridge	9 351	102 901	44 916	22 856	15 962	38 095	11 628	39 787	1 200	282
Ikangala	1 920	79 869	-	56	2 054	79 749	60 243	1 059	800	6
Lepelle	132 431	135 146	-	-	73 382	79 565	79 503	657 231	1 000	263
Magalies	86 818	86 132	-	27 400	37 957	46 720	405 234	407 459	800	281
Mhlathuze	124 166	144 200	60 500	119 600	84 842	101 600	482 210	73 518	380	164
Namakwa							163 118	296 254	45	26
Overberg	12 284	14 206	512	1 172	11 435	12 290	92 266	13 697	70	70
Pelladrift	5 149	5 786	-	-	5 045	5 774	38 928	35 968	7	-
Rand Water	2 513 342	2 616 000	276 100	266 400	1 031 534	1 077 400	9 201	4 819	10 000	3 172
Sedibeng	239 631	260 053	1 857	11 103	122 712	143 162	3 620 687	2 947 318	1 600	595
Umgeni	738 503	802 446	192 266	202 248	287 414	247 848	279 878	354 682	4 302	1 050
Total	4 092 631	4 508 534	587 511	669 090	1 840 037	2 028 821	3 173 932	4 025 519	24 235	6 780



Part 2 Human Resources

In terms of the Treasury Regulations, information on the Department's Human Resources is provided in tabular format as Appendix 1.



Part 3 Programme Performance

CORPORATE SERVICES

Programme 1: Administration

During the year under review, the organisation continued to reposition itself to deliver on its mandate, to its internal as well as the external clients.

This included the restructuring of various Chief Directorates within the Department, repositioning of Corporate Services functions, implementation of the new Performance Management System, implementation of the new Information System Governance Model and the consolidation of the Transformation Programme within the Department.

These activities should help create a more focused and delivery oriented Department. Numerous efforts undertaken by the Corporate Services branch show the commitment of all managers to provide an excellent support function to other core-business branches within the Department.

Aim

The programme provides support functions for the Department. This includes centralised Administration, Legal Services, Human Resources and Financial Administration, Information Systems, Communication Services, Corporate Planning Transformation and Restructuring.

The Administration Sub-Programme provides administrative auxiliary functions to the line functionaries and administers office services, executes provisioning control measures, offers protection services, administers transport services, oversees the administration of land matters and delivers other administrative services.

The Human Resources (HR) Sub-Programme presently provides Human Resources Services for approximately 18 600 personnel across all levels within the Department. HR has set its vision as that of being a strategic corporate leader in ensuring an efficient and customer-conducive environment for management development and support; transformation management; and the restructuring of the Department. As an outcome of restructuring and the continued repositioning of the organisation, HR acquired a new function in addition to the existing HR Management and HR Development and Labour Relations, namely Employment Equity.

The Information Services (IS) Sub-programme provides professional Information Systems support and services to the Department and related stakeholders. The provision of such services should be cost-effective and add value to the Department. This objective was achieved by enforcing a sound IS Governance system, the management of the outsourced Information Technology (IT) function and monitoring the performance of the IT Infrastructure and IS Services.

The Legal Services Sub-programme provides legal support to the Department with a view of ensuring that the goals of the Department are met. This sub-programme aims to promote the rights and obligations provided in terms of the Constitution, laws and best legal practices in the Department's work. Its mandate includes the drafting of legislation, regulations and delegations, as well as to negotiate and draft international agreements and contracts to ensure that the interests of the state are protected.

The Communications Sub-programme provides communication services support to the Department. This involves media liaison; corporate communications, public relations; project and event management; internal communication; and media production. A departmental communication strategy, in line with the President's State of the Nation Address, was the foundation of all communication activities during this financial year. The Chief Directorate: Communication Services represents the Department in Government Communication Cluster Structures and plays an active role in its efforts towards an integrated approach to Government communications such as Imbizos.

The Transformation Sub-programme exists in order to initiate, monitor and evaluate transformation projects within the Department in line with the White Paper on the Transformation of the Public Service.

This sub-programme is responsible for monitoring equity and fairness in all change processes of the Department, including restructuring. It derives its strength from the strategy of five R's, namely Representivity, Restructuring, Racism, Respect and Responsiveness.

Strategic leadership of this Sub-programme is given by the Ministerial Transformation Council. This structure ensures representivity and well-rounded leadership in the Department. It provides guidance to other structures such as the Regional Transformation Fora. It also ensures that transformation activities are linked to the strategic planning process through organising the annual National Transformation Forum, which sets transformation priorities and monitors progress.

The Restructuring sub-programme is engaged in the restructuring process that is taking place in phases in all the branches. This sub-programme is responsible for the Departmental Task Team and for aligning of all restructuring processes with Resolution 7

of 2002. The success of this sub-programme lies in working with the relevant line managers and consulting with employee organisations. Restructuring consultative workshops have been held in all the Regions and Head Office under the auspices of the Restructuring Core Committee and the Departmental Task Team.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Communication Services	Effectively communicate the Department's mission and strategic objectives.	Ensure that internal and external audiences are receptive, supportive and participative. Market the Department by developing a positive reputation as a reliable and professional partner. Assist in the development of communication and marketing strategies for specific programmes. Target different audiences with appropriate material. Position the Department as a leader and effective player in service delivery.	The Department has continued to reach citizens and stakeholders of the water and forestry sectors ensuring participation and understanding of departmental activities. All communication strategies and implementation plans were implemented in line with the departmental communication strategy. Publicity and awareness material formed a major part of all communication activities.
	To cultivate a communication culture conducive to achieving the Department's mission and strategic objectives.	Ensure that the Department has an effective process to provide information to external responses. Ensure there is an effective system for flow of information internally.	A multi-media approach was used for all communication campaigns thus ensuring the widest possible reach. The newsletters – Shotha (weekly), Hlathi-Manzi (monthly), the Intranet, electronic notice board, brochures, posters and booklets were used internally to keep staff informed on a variety of issues. A media monitoring service is provided daily to the management of the Department.
	Develop communication capacity within the Department.	Assist line function units with their communication strategies. Assistance to all Directorates regarding their communication needs.	The Chief Directorate: Communication Services continued to develop in-house capacity for communication activities thereby improving the efficiency of the unit. This involved a process of restructuring and human resources development. Work for other units included advising on the various communication tools; designing and printing a variety of material such as leaflets, posters, booklets and brochures.

Sub-programme	Outputs	Service delivery indicators	Actual performance
Legal Services	Maintenance of legislation. Draft and process legislation.	Amendments to the National Forests Act, National Veld and Forest Fire Act and the Wattle Act. Regulations for Chapters 2 of the National Veld and Forest Fire Act. Regulations for Chapters 3 of the National Veld and Forest Fire Act. Water Services Amendment Bill.	Initiated and in process for submission to Cabinet. Drafted and promulgated. The drafting of Regulations under chapter 3 was initiated during the period under review and work is currently in progress. The Water Services Amendment Bill was drafted and submitted to Cabinet.
	Ongoing legal support. To ensure that the Department's obligations are fulfilled in terms of the Constitution, laws and best legal practices.	Reliable and substantiated legal opinions and advice. Well-drafted documents provided within a reasonable timeframe.	The Directorate provided legal opinions/ advice to the Minister and the Department on various aspects during the year under review
	Efficient and effective management of litigation. To ensure a litigation strategy that is effective and efficient.	Reliable legal opinions/ advice were given and cases were timeously and successfully concluded. Advice given to management to ensure timely strategic intervention.	Various cases were referred to the State Attorney and necessary advice provided. Work is in progress for the designing of a litigation strategy.
	Contracts and international agreements. Negotiate and draft contracts and international agreements in ways that ensure that the interests of the State are protected.	Reliable and well-drafted contracts and agreements, which comply with the law, international law and other prescripts and which protect the interests of the Department and the State.	The following agreements were concluded during the year under review: RSA/ Japan – on the JICA grant aid. RSA/ Namibia – on the utilisation of water resources in the Orange River. SADC Protocol on Forestry – tabled before Parliament for ratification. RSA/ People's Republic of China – statement of intent on co-operation in the forestry sector. RSA/ Swaziland / Republic of Mozambique – co-operation on the protection and sustainable utilisation of the water resources of the Incomati and Maputo watercourses signed at the WSSD in August 2002. RSA/ Swaziland – supply of water for the Lavumisa Water Scheme. The agreement was submitted to National Treasury. Concluded and internal political processes are being followed to ensure signing.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Law enforcement / compliance. To ensure compliance with legislation, policies and directives, and to take appropriate action upon failure.	Submissions and requests to the Director: Public Prosecutions and SAPS. Affidavits. Directives. Instructions to the State Attorney for interdicts or any other legal action.	Yellowwood prosecution: The Department is assisting in the prosecution relating to charges of contravening the National Forests Act after Yellowwood trees were felled in the Gongqogongqo State Forest.
	Ensure continual legal training of staff and managers in the Department. To assess and provide necessary lectures and training to staff and managers to promote corporate governance and accountable and transparent decision-making.	Gave lectures on Acts administered by the Department. Review administrative decisions and provide intervention with training and lectures. Review court decisions and provide training and or lectures where necessary.	The Department continued to provide lectures on the Promotion of Administrative Act, Promotion of Access to Information Act and Acts administered by the Department. Work is in progress on the review of court and administrative decisions.
	Decentralisation of Legal Services. To ensure the improvement of service delivery by decentralising Legal Services to the service delivery points of the Department	Ensuring proper planning and strategy. Consultation with clients. Agreement on decentralisation reached.	The project was initiated and is in progress. It is part of the broad institutional transformation project in the Department.
Transformation	Continuation of the rolling out of the transformation framework.	National Transformation Forum reviewed the implementation of the 5 R's and re-adopted the strategy for implementation for the year 2003.	Strategy on the 5 R's:- <ul style="list-style-type: none"> • Representivity • Restructuring • Responsiveness • Racism • Respect Programmes are being rolled out within the Department.
	Annual revision of the Employment Equity Plan as per the Employment Equity Act [1998].	Employment Equity Consultative Forum assesses progress made by Regions, Chief Directorates and Directorates quarterly.	Report submitted to the Department of Labour and the plan is being implemented by all Chief Directorates, Directorates and Regional Offices.

Sub-programme	Outputs	Service delivery indicators	Actual performance
Restructuring	Co-ordinate the restructuring initiatives and processes.	Co-ordinate restructuring initiatives and processes.	Facilitate all restructuring processes and initiatives managed through the Restructuring Core Committee (RCC) and in consultation with the Departmental Task Team (DTT) and line managers.
	Conflict Management.	Resolved disputes.	Facilitate bilateral engagement with stakeholders. Facilitate DTT meetings with stakeholders.
	Co-ordinate the Communication Strategy on Restructuring.	Informed members of the Department on restructuring.	Conduct information sessions and consultative forums on restructuring. Develop the information manual on restructuring.
Human Resources Development	Implement a skills audit pilot programme.	Pilot completed and rollout ready to commence in the whole Department.	Total number of staff captured currently is 15 975.
	Implement and co-ordinate the Leadership Development Programme.	Pilot the Presidential Leadership Development Programme.	150 managers have been trained through the SAMDI Presidential Leadership Development Programme.
	Implement Diversity Management Programme.	Trained Diversity Management Facilitators. Pilot project identified. Trained facilitators.	12 Diversity management facilitators have been trained. 3 Awareness raising workshops took place in the Free State Region where the project is being piloted. 10 Trained facilitators.
	Mentorship implementation.	Pilot project up and running.	5 Trained mentors.
Human Resources Management	Develop policies and strategies in line with the BCEA, LRA, EEA and all other relevant legislation.	A solid policy framework infrastructure setting, corporate direction and ensuring standardisation of application.	Labour endorsed 9 HRM policies and the roll out and implementation programme commenced in November 2001.
	Increased efficiency in administrative processing of pensions.	Cleared all non-complicated backlog cases by 31 March 2003.	A dedicated project "The Backlog Busters" achieved its major goals in clearing 90% of the caseload.
	Develop the Human Resource Plan.	Ensure that a well-functioning HR plan is in place and is implemented	Various business units in Chief Directorate: HR to assist in this process.

Sub-programme	Outputs	Service delivery indicators	Actual performance
Work- Study and Organisational Development	Set up an integrated Labour Relations unit. Reposition and transforming the function to deliver organisational consultancy services for direct impact on core business change processes.	Successful integration process commenced. Integrated strategic and business planning process completed. Realignment of HR business processes for greater efficiency gains and integrating HR services. Creation of new establishment as dictated by strategic plans of various line functions as well as Job Evaluation results.	A new unit of Labour Relations has been established by merging Sub Directorates Conflict Management and Labour Relations. Integrated Work-study into HR in last quarter of financial year. Work-study continued to investigate the feasibility of creation of posts and evaluated them as requested by various line functions.
Labour Relations	Labour Relations Policy design, development and implementation.	Labour relations policies. Relevant labour relations, norms and standards.	Policies, norms and standards have been put in place.
	Labour Relations Management Information Systems.	Reliable labour relations statistics and management information.	Reliable statistics and trends in place.
	To implement monitor and evaluate PSCBC and Departmental Bargaining Council Collective Agreements and the Code of Conduct for the Public Service.	Effective implementation and monitoring of Collective Agreements.	Public Service Collective Agreements effectively implemented in the Department.
	To manage, handle and monitor discipline, grievances and abscondments.	Consistency in procedure when handling discipline and grievances.	Disciplinary cases effectively dealt with. Timeframe of finalising cases can be improved. A dedicated panel to investigate and preside in cases imminent.
	Implement and maintain Labour Relations Quality Improvement Programme.	Effective and topical management guidelines.	Management guidelines in place.
	Restructuring Support.	Effective infrastructure to support restructuring and creating a conducive environment for restructuring.	Departmental structures like DTT and Bilateral Forums in place.
Administration	Available stock and equipment.	Stock and equipment issued within reasonable time.	Monthly deliveries within time to users.
	Maintenance of Provisioning Administrative system including Logis.	Fully operational system.	Logis computerised system extended to a number of Regional and Sub-Regional offices.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Minimise stock discrepancies, losses and damages.	Approved reports.	All losses and discrepancies dealt with in terms of prescripts.
	Render office services.	Satisfied customers.	Provided suitable office accommodation, parking and effective communication systems.
	Provide all transport services.	Effective transport administration.	Complied with service provider's contracts within the policies.
	Uniform implementation of security policies and crime prevention strategies.	Minimised crime levels and safe working environment.	Ongoing services. Inter-departmental security forum maintained.
Information Services	Tender awarded and implement IT outsourcing contract.	New contract in place and effective.	New contractors on site.
	Sustained Information Services Infrastructure.	Availability of the IT infrastructure.	98% Availability on all mainframe and file servers.
		Reliability of the IT Infrastructure.	97% Reliability of the network.
		Security of the IT infrastructure.	Highly secure IT infrastructure.
	Sustained Application and Operational Systems environment.	Enforceable Change Control Process, i.e. IS Governance.	Change Control Process was introduced in the Department that resulted in increased availability and reliability of the systems within the Department.
	Availability of the maintained Operational Systems.	Continuous availability of the maintained operational systems.	100% Availability of the operational software.
	Availability of the Applications Systems.	Continuous availability of the application systems.	Availability of the critical applications has improved dramatically: WARMS, REGIS etc.

WATER RESOURCES PROGRAMMES

The water resources tasks of the Department still operates in four separate programmes in the year under review. In addition certain operational activities are covered in Programme 5.

Programme 2: Water Resources Assessment

Aim

This programme aims to provide the Department with reliable water resources data and information for the sustainable development and utilisation of water resources and for effective water resources management at both operational and strategic levels. This is done by maintaining and enhancing the reliability of national hydrological services; developing and maintaining a comprehensive scientific and technical water resources information and knowledge base; and by providing effective scientific and technical support for a range of diverse resource management functions.

Achievements

Undertaking and guiding the development of information systems and monitoring programmes, regulatory instruments, guide-

lines and procedures on water resources and related features to support effective operational and strategic water resource management.

Collecting, through national and regional monitoring networks, data on the quantity, quality and health of surface and groundwater resources.

Determining preliminary reserves for water resources.

Storing, analysing and assessing hydrological, water resource quality, geographic and land-use information and data in both graphic and digital format at appropriate frequencies according to the nature of the information.

Providing extensive technical support to the Department and its regional structures by providing environmental, analytical laboratory, survey, geohydrological, hydrological and flood management services.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Outputs	Service delivery indicators	Actual performance
Water Quality Services (Institute for Water Quality Studies)	Ensure operational national & regional chemical monitoring programmes in surface and ground water.	Number of registered and active monitoring programmes.	194 programmes active with 2350 points. Maintained 18 microbiological and 25 eutrophication related monitoring programmes.
	Acquisition, storage and dissemination of water quality data through the Water Management System (WMS).	Number of quality checked records captured.	400 000 additional quality checked records on the National Water Quality Database. 20 analytical modules developed for WMS.
	Ensure comprehensive analytical laboratory services.	ISO 17025 accredited laboratories. Number of accredited procedures.	Analysis of 46 000 samples. Developed, validated and reviewed methods and procedures (inorganic, organic, metal, biological and toxicity).

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Undertake assessments and reports on water resource quality.	Number, types and level of report generated (scientific, technical, public).	Completed 100 reports for National Microbial Water Quality Monitoring Programme. Completed 6 water resource quality assessment reports. Completed Volume 4 and Volume 5 of Quality of Domestic Water Supplies report series. National Status of Chemical Water Quality of Surface Water report completed. Completed final report on water resource quality in the Diep River Catchment.
	Water quality advisory support.	Number of investigations, determinations and assessments.	Provided advisory support on water quality resources to regions and other WR programmes.
		Training and capacity building	Offered training on monitoring of water quality and ecosystem health
	Development and implementation of monitoring programmes.	Number and type of programme initiated or maintained and its status.	Completed implementation manuals for National Microbial Water Quality and National Eutrophication Monitoring Programmes. One preliminary level River Eco-region Classification System completed.
Hydrology	Ensure efficient and reliable national and regional flow monitoring network through policy and support to regions.	Continuous communication and implementation of decisions.	Ongoing monitoring done.
	Ensure standardisation of techniques for monitoring surface hydrology.	At least one meeting per year on network activities, technical standards and data capturing standards.	Annual National meetings took place.
	Support regional data capturing function and audit output.	Audit by Directorate: Hydrology.	34 000 station months of flow and reservoir data processed and archived. New server-based information system (Hydstra) went live in January 2003
	Produce weekly and daily bulletins on storage in major reservoirs, river flows and reservoir releases.	Availability of bulletins and information on web site.	Weekly bulletins on the state of reservoirs produced.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Operate Pilot Regional Centre for the SADC-HYCOS project.	Service delivery standards.	Near real time flows and rainfall information from 120 gauging stations and SADC-HYCOS information available.
	Reinstatement of gauging station infrastructure damaged by extensive flooding during February 2000.	Fully functional gauging stations.	Reinstatement of flood damaged gauging stations over a 3-year period, completed in March 2003.
	Monitor and support regions to ensure an efficient operating Hydrological Information System (HIS).	Service delivery standards.	3695 active gauging points in the surface water flow and evaporation networks; 29 new gauging points opened; 16 closed.
	Disseminate hydrological data and information.	Service delivery standards.	Altogether 29 235 flow, reservoir, evaporation and water quality records have been supplied to users to address 951 data requests.
	Replacement of old HIS with new HYDSTRA.	Running HYDSTRA.	Hydrological Information System (HYDSTRA) 85% functional as planned.
	Ensure an operational system for flood warning and flood management of the Vaal and Orange River Systems.	Efficiency determined by operational application.	Continuous flow forecasting for Gariep- and Van der Kloof Dams. 24 hour continuous monitoring of weather systems and flows.
	Design gauging structures, do construction supervision and calibrate gauging sites in support of regions.	Accuracy of gauging and construction to plan.	Flood damage reported in Montagu, Swellendam, Ashton, Riversdal, George and Knysna. About 40 flow gauging stations could be damaged. Designs completed for 12 gauging weirs and cableway stations; 5 gauging stations built or improved; ratings for 61 gauging stations calculated.
	Ensure standardisation of Hydrological instrumentation.	Comprehensive tender for equipment.	16 out of 18 gauging stations rebuilt or upgraded in Eastern Cape.
	Maintain satellite and cellular telephone modem communication network for surface hydrology.	System partly supported by Mechanical and Electrical business units.	85 percent of flow gauging stations equipped with electronic data loggers.
	Maintain a priority list for gauging station improvement and construction according to ISO standards.	Priority list developed by wide consultation.	Priority list compiled and issued.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	National and international co-operation. International commitments – i.e. SADC, WMO, UNESCO, IAHS.	Support hydrological research / development of national and international organisations.	Support provided to Lesotho for rehabilitation of their Hydrological network. Technical assistance rendered to Lesotho, Swaziland. Mozambique and Zimbabwe for maintenance of SADC HYCOS Data Collection Platforms.
	Undertake ad hoc Hydrological analyses. Study the Hydrology of catchments to determine surface water potential. Support determination of the Reserve.	Delivery of quality reports on target dates.	7 river basins investigated and reports compiled. Drought analyses completed for three dams in KwaZulu-Natal. Three studies undertaken to provide input on hydrological data accuracy and hydrological monitoring networks.
	Undertake flood frequency determinations. Document extreme flood events.	Technical reports preparations.	20 Previous flood frequency reports verified. 21 new flood frequency reports completed. Flood documentation information at 98% of identified flood sites calculated and verified.
	Directorate: Hydrology hosted the RDM office. This became the Directorate: Resource Directed Measures in December 2002.	Staff worked under the direction of CD: Scientific Services.	Technical support regarding the quantity component of the 'Reserve'.
Social and ecological services	Environmental Management Framework.	Consolidated Environmental Management Framework.	Updated specifications and environmental management plan completed. Legal register compiled.
	Social Development Framework.	Consolidated Social Development Framework.	Ongoing development of various guidelines.
	Consolidated Environmental Implementation and Management Plan (CEIMP).	Annual report back to the Department of Environmental Affairs and Tourism.	First annual report compiled and submitted.
	Social and ecological impact assessments and environmental management plans for water development projects.	Implementation thereof for water development schemes by the Department.	Inputs made into impact assessments and environmental management plans of all new water development schemes.
	Implementation programme for Policy on Using Water for Recreational Purposes.	Approved implementation programme and initiation.	Inception Report and Communication Strategy prepared and Water Safety Programme established.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Interim Implementation and support pertaining to Sections 21(k) and 113.	Support Register.	National Strategy for Utilising Water Resources for Recreational Purposes prepared.
	Policy on access, use and development of Government Waterworks for recreational purposes.	Approved Policy.	Outline of Guidelines for Releasing DWAF Dormant State Assets associated with Government Waterworks for Recreational and Tourism Purposes developed.
	Guidelines for the preparation of Sustainable Utilisation Plans (SUPs).	Approved pilot SUPs. Approved guidelines.	Draft SUPs prepared for seven pilot projects.
	Equitable cost recovery system for the use of water for recreational purposes.	Approved cost recovery system.	In principle approved Concession Management Policy.
Geohydrology	National groundwater monitoring system.	National system for measuring the status of groundwater storage and quality implemented in all provinces.	Groundwater quality system fully operational. Groundwater storage measured in 55% of country (priority catchments).
	Borehole data acquisition service. National groundwater information system.	Operational national groundwater information system in place.	Open National Groundwater Data Base fully functional. Development of National Groundwater Archive 50% complete. REGIS-Africa groundwater assessment software completed with support from the Netherlands - operational in five of the nine Provinces.
	Groundwater resource assessment.	National assessment programme completed.	Twenty of 23 maps printed, and the remaining three available in draft form.
	Technical support for water resources management.	Groundwater adequately addressed in water resources management and water services implementation.	Draft guidelines for groundwater as part of Integrated Water Resources Management completed (with DANIDA support). Guidelines and tools for Sustainable Groundwater Development for Community Water Supply tested in 3 pilot districts (with NORAD support).
Geomatics	National system for spatial information on water resources and related land-use activities.	National system for spatial information on water resources and related land use activities available.	Ongoing population, maintenance and availability of enterprise level GIS achieved. Cadastral information for transfer of water schemes provided. Surveys done for monitoring of dams with regard to dam safety and sedimentation. Photogrammetric mapping done as requested.

Programme 3: Integrated Water Resources Planning

Aim

Integrated Water Resources Planning provides support for the implementation of the National Water Act, through the examination of policy options to ensure the future availability of water resources and the development of strategies to ensure sufficient water for sustainable social and economic development.

Achievements

The first ever Proposed National Water Resource Strategy (First Edition) was published for comment in the Government Gazette in August 2002. A country-wide public consultation programme, comprising 36 sectoral and public meetings, was undertaken between September 2002 and January 2003, during which more than 1 800 comments were received from a diverse

range of stakeholders.

Water Resources Planning focussed on the determination of 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. It also embarked on a process to record the Department's management strategies for catchments in a series of 24 reports to cover the whole country.

Project Planning investigated management and development solutions for bulk water supply problems and recommended measures to be taken in the public interest. The planning of the raising of the Flag Boshielo Dam progressed with the financing agreement with the beneficiaries of the project. Work done in the Limpopo Province culminated in the announcement of plans to construct a dam on the Olifants River by the President in his State of the Nation address in February 2003.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Strategic Planning (Water Resources)	First Edition of National Water Resource Strategy established in terms of the National Water Act.	Publication of Proposed National Water Resource Strategy (NWRS).	The Proposed National Water Resource Strategy was published for comment in August 2002. 36 Sectoral and public meetings were held country-wide between September 2002 and January 2003, during which more than 1 800 comments were received.
	First revision of the comprehensive multi-year National Water Act Implementation Plan.	Improved alignment between NWA implementation and Strategic Plan.	Version 2 of the NWA Implementation Plan was substantially completed in October 2002 and integrated with the Department's Strategic Plan.
	Functional Water Situation Assessment Model.	Tool to automate water balance reconciliation.	Version 3 of the model, together with user support documentation, was ready for pilot testing in November 2002.
	National Flood Management Policy.	Progress with implementation of the National Disaster Management Act.	Development of the policy was deferred pending clarity of the requirements of the National Disaster Management Framework in terms of the National Disaster Management Act. The Act was promulgated in January 2003, and the flood management policy will be completed in 2003/4.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
	Assessment of the implications for water resources management of global climate change.	Planning for possible effects of climate change.	A report was compiled from available national and international documentation and will be completed early in 2003/4.
Water Resources Planning	Inputs into the public participation for the NWRS.	Up-to-date water resource information.	19 WMA reports served as a basis for the NWRS including the stakeholder workshops.
	Progress on catchment planning studies and the provision of inputs into catchment management strategies, at international, national and catchment level.	Strategies for key catchments.	At international level the Incomaputo Agreement was finalised and the Maputo Joint Basin Study commenced its work. The Limpopo Joint Basin Study will only start after final arrangements have been made with co-basin states. The process of recording the Department's management strategies for each catchment started during the year (Internal Strategic Perspectives). Three detailed catchment studies were started during the year and the reconnaissance study on the Clanwilliam Dam was completed.
	Recommendations regarding solutions to address water supply problems.	Optimal recommendations.	Decision support phase of the Thukela Water Project has progressed according to programme and will be completed in 2003/04. Strategy to secure water for social and economic development in the Middle Olifants River catchment developed in conjunction with Limpopo Province.
	Assist with preliminary determinations of the Reserve.	Protection of the environment and basic water supply allocation.	Operating rules for the Sabie and monitoring work on the Olifants-Doring have been completed while the Reserve determination for the Thukela and flood plain modelling of the Nyl River progressed according to programme.
Planning of Water Resource Projects	Optimal solutions to bulk water supply needs at reconnaissance or pre-feasibility level.	Water supply at acceptable level of assurance.	Four studies completed, four studies in an advanced stage and two new studies started.
	Optimal solutions to bulk water supply needs at feasibility level.	Water supply at acceptable level of assurance.	Four studies completed (Mooi-Mgeni Transfer, Hazelmere Dam raising, Mvoti Augmentation, Voëlvelei Augmentation) and one study at an advanced stage (to be completed in 2003/04). Two studies at initiation stage.
	Management of bridging issues (including environmental) associated with bulk water supply solutions.	Maintaining relationships with stakeholders during decision-making process.	One bridging study ongoing (Mooi-Mgeni). One bridging study initiated (Raising of Flag Boshielo Dam). One Reserve study completed (Lower Berg). One Baseline Monitoring Study started (Berg River).

**Programme 4:
Water Resources Development
Including International Projects**

Aim

This programme converts conceptual plans for water projects into viable, operational water schemes and renders support services in respect of the operation and maintenance of these schemes.

Achievements

The key achievement has been the initiation of a restructuring review for the broad water resources function. It is likely that time will have a major implication for the current structure of the development programme.

The Mooi-Mgeni River Transfer Scheme, budgeted at R100 million and financed by Umgeni-Water, was designed and implemented by the Chief Directorate: Development within a tight programme. After the agreement between the parties was signed on 16 May 2001, the works were completed and the two structures were ready for impoundment scheduled on 15 December 2002 with total expenditure 3% less than the estimated budget. This demonstrated the value of in-house engineering and construction capacity.

Where development is externally funded, as in the Berg River Project, the programme may work in partnership with the developers.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Civil Design, Mechanical & Electrical Engineering and Construction	Sabie River Government Water Scheme (GWS).	Inyaka Dam Implementation.	Dam safety surveillance continued.
		Implement Inyaka Regional Water Treatment Works and Inyaka raw water pump station.	Operation of Phase IAIs being monitored after commissioning in 2001. Construction of Phase IB is 25% complete. Construction of raw water pump station commenced in March 2003.
		Implement Hoxani Abstraction Works as part of flood repairs.	Construction is 85% complete and the new works started to deliver water from October 2002.
	Luvuvhu River GWS.	Implement Nandoni Dam.	Construction is 85% complete. Relocation is behind programme.
		Implement Xikundu Weir.	Construction is 95% complete.
		Implement Xikundu Water Treatment Works and Distribution Scheme.	Construction of the Works and Scheme is respectively 95% and 45% complete. Water supply commenced in March 2003.
		Implement Nandoni Water Treatment Works and Distribution Scheme.	Construction of the Treatment Works is to commence in 2003. The Distribution Scheme construction is 5% complete.
	Mooi-Mgeni GWS	Implement raising of Midmar Dam.	Design and construction of the raising was completed to allow storage in December during 2002.
		Implement Mearns Weir.	Construction completed. Impoundment started on 6 February 2003. Land claims not finalised.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
		Mitigation of the Receiving Streams.	Servitude of aqueduct was acquired. Adjudication of claims is ongoing. River crossings attended to.
	Berg River Project.	Implement dam on the farm Skuifraam and run of river supplementary scheme.	Preliminary designs were completed. TCTA appointed as implementation agent. Detail design started in January 2003. Development personnel form 25% of implementation team.
	Olifants River GWS.	Implement the raising of Flag Boshielo Dam.	Design commenced in October 2002 and is on programme to start impoundment in October 2005.
	Hluhluwe Community Water and Sanitation Supply. Phase II.	Construct Water Treatment Works (WTW). Reservoir and main reticulation.	WTW commissioned. Reservoir completed. Mains laid 45,5km or 80% completed. Reticulation 153,7km or 60% completed.
	Dam Safety.	Inspection and safety assessment of departmental dams with a target of 50 dams. Implement dam safety requirements.	Specialised Structural and Hydraulic studies were performed. 100 Dams were inspected and assessed. Construction work was carried out on the following: Ntenetyana - Complete Thapane - Complete Damani - 40% Complete.
	Other development projects to improve/extend service delivery.	Implement projects improving operational an safety standards of dams and/or improving yield and extending service area.	39 Schemes were completed to varying stages. Project implementation periods ranging between 6 and 30 months.
	Flood rehabilitation.	Repair work was done on eight water resource projects and 13 hydro weirs.	Four projects completed and all 13 hydro weirs completed.

International Projects

Aim

To promote good relations between the Department, government departments of other countries and other international institutions and to establish water projects in collaboration with neighbouring states as effectively and efficiently as possible.

Achievements

- Co-ordinating the participation of the Department in the water and forestry sector activities of Southern African Development Community (SADC), the New Partnership for Africa's Development (NEPAD), AMCOW

(African Ministers Council on Water) and the African Union (AU);

- Co-ordinating participation of the Department in water and forestry related activities of United Nations, the UN Commission on Sustainable Development, the World Water Council, the World Water Forum and other global multilateral fora;
- 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;

- Co-ordinating the participation of the Department in international shared watercourse institutions with neighbouring states for the four international watercourses of South Africa namely the Orange, Limpopo, Incomati & Maputo Rivers;
- Co-ordinating and facilitating Official Development Assistance to the Department;
- Co-ordinating the FETWater (Framework Programme for Education and Training in Water) initiative;
- Overseeing international visits by officials and visits from foreign delegations and neighbouring countries in terms of bilateral or multilateral agreements; and

The highlights of this year included:

- The signing of the interim agreement between Mozambique, South Africa and Swaziland for co-operation on the protection and sustainable utilisation of the Incomati and Maputo watercourses in August 2002;
- Support and co-ordination of South Africa's participation in water and forestry elements of the World Summit of Sustainable Development as well as the direct involvement and participation in planning and launching of the WaterDome as an important side event of the WSSD;
- Active participation in all events related to the establishment and functioning of AMCOW. AMCOW will promote water and sanitation initiatives in Africa in line with the objectives of the AU and NEPAD; and
- Support and co-ordination of South Africa's participation at the 3rd World Water Forum in Japan.

Donor funding

In addition to major ongoing programmes with a variety of partners, the following donor funding agreements were finalised during the year under review:

Country	Agreement	Value
United Kingdom	Water and forestry sector support programme	19,8 million pounds sterling
Japan	Rural water supply for the Eastern Cape	631 million Yen

Donor funding was obtained for the expansion of the SADC Hydrological Observation System (HYCOS) and SADC decided that the Department of Water Affairs and Forestry of South Africa should remain the Regional Centre for SADC HYCOS and the implementing agent for the expansion project.

Transfer payments

An amount of R148,251 million was transferred to the Komati Basin Water Authority (KOBWA). KOBWA complies with Section 38(1)(j) of the Public Finance Management Act.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
International Projects	Establish good relationships with external bodies and donor agencies.	Extent of co-operation and support, compliance with agreements and benefits shared.	Agreements for donor support were concluded with DFID (19,8 million pound Sterling) and Japan Aid (631 million Yen). Good relations were maintained with other donors.
	Manage bilateral and multi-lateral agreements with neighbouring states.	Proposal included in final agreed documents.	Many bi-national commission/ committee meetings were held with the neighbouring states to discuss issues of mutual interest. Interim agreement between Swaziland, Mozambique and South Africa signed on sharing of water resources of the Incomati and Maputo River basins.
	Establish good relations with other countries.	Flow of information; identification of business opportunities.	Actively participated in meetings to shape the workings of newly established (AMCOW). Participated in bi-lateral meetings to identify areas of co-operation and to exchange technical information with: Algeria, Brazil, China, Cuba, Nigeria, Rwanda, Russian Federation, and Uganda.
	Establish improved global policies on integrated water resources management.	Proposals included in final resolutions.	Contributed to wording of WSSD adopted Plan of Implementation with regard to water, sanitation and forestry. Contributed to discussion and work of Ministers Declaration at the 3rd World Water Forum in Japan.
	Successful implementation of the Lesotho Highlands Water Project.	Construction work on time, within budget and in accordance with specification.	Completion of the Mohale tunnel was delayed until December 2003 due to unexpected rock conditions. The resettlement programme completed prior to the impoundment of the Mohale Reservoir, which started in November 2002. Corruption incidents continued to be effectively dealt with by the Lesotho government.
	Successful implementation of Komati River Basin Development	Construction work on time, within budget and in accordance with specifications	Construction of the Maguga Dam was completed and officially opened on 5 April 2002. Comprehensive mitigation plan around Maguga Dam completed. Resettlement Action Plan at Driekoppies Dam (RSAside) practically completed.
	Promote joint education and training activities through FETWater	FETWater will promote capacity building and training networks in integrated water resource management in SADC.	A framework for Education and Training in Water (FETWater) co-ordinator was appointed and trained to initiate the implementation of the UNESCO/SA agreement on capacity building and networking.

Dam Safety Control

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 within Chief Directorate: International Projects.

The key activity of Dam Safety Control is classifying and registering dams; considering license applications relating to the control of the safety of dams; managing a dam safety inspection programme; and correcting shortcomings.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Dam safety control	Exercise control to enhance safety of dams.	Registration and classification of dams with a safety risk.	92.5% of registered dams have been classified. 100% of classifications where all information has been received.
		Control exercised over criteria used for design, construction and maintenance of dams.	A total of 25 licences issued. 100% of applications received were evaluated.
		Number of dam safety inspection reports evaluated.	A total of 150 dam safety inspection reports received and evaluated.
		Deficiencies/shortcomings at dams.	A total of 2266 deficiencies/ shortcomings have been registered at 886 dams, of which 638 (47 within the past year) were rectified up to the end of the 2003 financial year.

Programme 6: Integrated Water Resources Management

Aim

The aim of the Integrated Water Resources Management programme is to promote the sustainable use of water for social, environmental and economic needs based on the principles of equity and efficiency.

Achievements

- Manage water use allocation and beneficial utilisation of water resources through the facilitation of the verification of lawful use and auditing of allocation assessments in line with the National Water Act. In terms of beneficial use major activities were raw water pricing, irrigation support, systems operations and water loss control on bulk supply.
- The establishment of and support for effective water management institutions, and promoting the concept of catchment management.
- The development of policies and strategies for fair and equitable allocation planning. This was driven by a new Directorate, Water Allocation Planning, established for this purpose.

- The development and facilitation of policies, strategies and projects that promote, support and institutionalise water conservation and demand management among water management institutions and water users.
- Managing water quality through source and resource directed measures and promoting integrated water resources management through planning, policy and strategy development, water use authorisations, support for institutional development related to water quality management, and monitoring and assessment.
- Controlling invading alien plant species sustainably, to optimise the potential use of natural resources and to contribute to the enhancement of water security, improvement of ecological integrity, and the optimisation of social and economic benefits.

The focus area for policy development during this period was to ensure streamlined implementation of the National Water Act with regard to integrated water resources management, including greater input into the policy implementation processes by the Operations Branch.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Water Quality Management	Policies, strategies and guidelines.	Development of new water quality policies and various regulatory instruments as part of the implementation of the National Water Act.	Minimum Requirements for Waste Disposal Site Operation, auditing and the training of operators and managers of waste management facilities developed. Source Management Strategy developed. National Water Quality Management Framework Policy completed. Phase 2 of the Waste Discharge Charge System completed.
	Dense Settlements Strategy.	Implementation of the Dense Settlements Strategy.	Strategy tested through cases in each province.
	Communication and awareness creation.	Development of water quality management communication and awareness creation instruments.	Sectoral communication strategies and sub-strategies developed. Water Quality Management Booklet titled: "Managing water quality in South Africa, and how water users can participate" developed.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
	Water Management System.	ISO 14001-Based Management System for Water Quality Management.	Initial Review Report completed.
	Waste Management.	Issuing of Waste Disposal site permits and Directions in term of Section 20 (1) of the Environment Conservation Act, 1989 (Act 73 of 1989).	17 Waste disposal permits and 29 directions issued. All commercial hazardous waste disposal sites in South Africa are now controlled via a permit.
Working for Water	200 000 Hectares cleared of alien invasive vegetation.	According to implementation plans.	466 279 Initial clearing hectares as at February 2003.
	Follow-up work on alien vegetation done on 400 000 ha.	According to implementation plans.	523 618 Follow-up hectares as at February 2003.
Water Utilisation	Policies, procedural guidelines, regulations and projects in respect of implementing the National Water.	Develop and audit implementation of policies and procedures in all regions.	Guideline on the verification of registered and existing lawful water use prepared and distributed. Guideline on procedures to deal with over, under and no registration, produced. Guideline in support of Scientific and Technical Requirements for Forestry Licensing, Registration and Water Use Pricing completed. Revised methodology to determine the volume of stream flow reduction with regard to Afforestation (Stream Flow Reduction Tables) completed and implemented.
	Develop strategic environmental assessment (SEA) methodology for use in the water sector.	Develop procedural guidelines.	SEADecision Support System being finalised to assist in allocations.
		Implementation of SEA principles by stakeholders.	SEApilot study completed for the Usutu to Mhlathuze water management area, although the report is not yet finalised.
	Implementation of raw water pricing strategy.	Policies, procedures and strategies in place.	Guideline on the determination and use of the water resource management charge developed and implementation by regions audited.
		Determine and formalise water use charges.	Water resource management charges for 2003/2004 prepared and formalised. Infrastructure charges for 2003/2004 prepared and formalised.
	Financial assistance to emerging farmers.	Policies and support strategies in place.	Co-ordinated inter-departmental policy developed.
		Subsidies on construction or refurbishment of viable schemes spent effectively.	Full allocated amount (R24,468 million) was spent on 306 emerging farmers. An additional 506 women were assisted as well as 168 young people. A total of 1 829 ha was subsidised.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
	Ensure efficient operation of Government Water Schemes and river systems.	Minimise water losses, water restrictions and flood damage.	Water distribution and loss control technology and reporting system introduced and maintained on major schemes. Operating rules and flood procedures revised and updated.
Catchment Management (Institutional Development Support)	Institutional development policies guidelines and implementation tools developed.	Policies pertaining to transformation of irrigation boards and Water Management Institutions (WMI).	80% Of all policies relevant to transformation of irrigation boards and WMI establishment completed. Guidelines and tools in place for WMI establishment.
	Policies and guidelines pertaining to establishment and operation of all new WMI developed.	Policies implemented in the establishment of CMAs, transformation of irrigation boards and establishment of new WUAs. Guidelines developed to localise WRM to empower local communities in decision making processes.	Three CMA proposals evaluated internally; proposal for the establishment of the Nkomati CMA published for comment. 50 Irrigation boards transformed. Eight new WUAs established. Guidelines for supporting structures of WMIs have been developed.
	Capacity building and communication awareness for attaining equity and sustainability in stakeholder participation to achieve Integrated Water Resources Management (IWRM).	Training manuals for capacity building in IWRM in place.	Capacity building manuals finalised on IWRM. Communication tools developed and utilised.
Water Allocation	Co-ordination and consolidation of departmental activities impacting on Water Allocation Planning and Implementation Program.	Confirmation and formalisation of the DFID-funded Water and Forestry Support Programme (WFSP) project and initiation of project activities.	Inception Report completed.
	Operationalising the Water Allocation and Compulsory Licensing Program.	Identification and prioritisation of water allocation and compulsory licensing issues and processes for strategy, policy, guideline and methodology development.	Tasks, resources required and timeframes for initiation and completion of initial activities determined.
Water Conservation	Environmental awareness, education, communication and networking through school-based approach and broader public. Programmes to promote water conservation and IWRM.	Increased awareness amongst learners and general public about water conservation and efficiency. Efficient use of water in homes and schools. Integration of water-related issues in outcomes-based curriculum. Formal networking, consultation & communication strategy.	Co-ordination of school-based 2020 Water Education Programme and initiation of the health and hygiene education project. Initiation of pilot public education programme (COWEP) in Buffalo City, Eastern Cape and Mbombela, Mpumalanga. National co-ordination of National Water Week and Women in Water Awards, and inauguration of Baswa le Meetse Awards.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
	Water conservation and demand management case studies in selected Water Management Areas.	Development and implementation of Version 1 of Water Management Plans by five WUAs in the agricultural sector.	Version 1 of Water Management Plans successfully developed and implemented by three Water User Associations in three provinces.
	Integrated Water Resources Management.	Guideline manuals produced. Case studies include: Mhlathuze, Algoa Region, Cape Metro, Potgietersrus, Western Highveld Region, De Aar and Ugu.	Ugu and Mhlathuze case studies completed. Umtata Study, Phase 1 completed. The Western Highveld Region study initiated. De Aar draft planning framework completed.

WATER SERVICES PROGRAMME

The water services tasks of the Department operates in one programme in the year under review.

Programme 7: Water Services

Considerable progress was made on the implementation of the Department's capital programme to provide the infrastructure required for basic water service provision.

Although Programme 7 focuses on policy development and regulation, it also provides substantial management support for the execution and delivery of capital projects.

Since 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 as well as by providing financial, institutional and technical support to water services authorities.

The programme continued to assist municipalities to develop and implement appropriate planning, financial and infrastructure systems in order to achieve their service delivery responsibilities.

The evolving financial framework for local government continued to pose considerable challenges and there was intensive engagement with National Treasury, DPLG and SALGA over arrangements for financing both new infrastructure and the operation of existing systems, as well as their transfer to local government.

The implementation of free basic water services went well and currently approximately 79% of local municipalities and metros are providing Free Basic Water (about 60% of the population). Further policy development has taken place and all municipalities have been provided copies of the revised policy, guidelines and tools

necessary for the provision of Free Basic Water. The Department has also appointed provincial support units to assist municipalities with the implementation of the policy.

A policy and strategy to provide free basic sanitation is currently being developed.

Aim

This programme ensures that all South Africans have equitable access to effective, affordable, economical and sustainable water services.

Achievements

During the course of the current year, attention was focused on:

Publishing regulations and model by-laws for water services provision. Publishing regulations to establish norms and standards for water service tariffs.

Producing regulations governing contracts between water service authorities and water service providers. Institutionalising the Water Services Development Plan (WSDP) process within district municipalities. Implementation of the National Information System (NIS) for Water Services.

The dissemination of policy, guidelines and tools and creation of support units to assist in implementation of Free Basic Water. The development of policy to support free basic services.

The implementation of the monitoring, evaluation and reporting system as an essential tool for the sustainable development of water and sanitation services. Continued development of appropriate delivery mechanisms and models for water and sanitation delivery as specialist contract support to local government.

The implementation of the functional assessment of water services works as a precursor to the transfer process. The start of the transfer process with the transfer of a number of works.

Continued development and implementation of strategies to improve basic household sanitation. Continued collaboration with other departments to control cholera and other related diseases.

The collation, analysis and dissemination of information on the state of water services at national, provincial and municipal level will become a higher priority as responsibility for operations is transferred to municipalities.

Transfer payments have been made to Ikangala Water Board (R2,772 million) and Bushbuckridge Water (R2 million).

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Macro Planning and Information Systems	Strategic planning on a national, provincial and regional level.	Planning reference frameworks per province and district.	The planning reference system improved based on new and better information.
		Liaison between the Department and other spheres of government.	Active provincial and district planning forums in place.
		Completion of annual water services project selection process.	Integrated participatory process identified 1161 basic water services projects.
		Completion of annual water services project selection process.	Integrated participatory process identified 1161 basic water services projects.
		Facilitate local government Water Services Development Planning.	Support to 46 district municipalities in compilation of their water services development plans to improve quality. Support to 13 developmental nodes in order to enhance nodal water services development plans.
		Provide water services information.	Implement information system, production and distribution of information products.
Intervention and Operations Support	Development of a new Water Services White Paper.	Drafting of documents, public consultations done.	Draft White Paper developed for comments and widespread consultations held. Core Group (DWAF, SAAWU, SALGA, Treasury, DPLG, NCWSTI) established to finalise Draft White Paper.
		Regulatory Framework and Support to service providers.	Drafting of regulations, making available guides, strategies and policies on tariff regulations, cost recovery, Free Basic Water, standards and quality.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
	Support to operational processes of the sector.	Support DPLG with the Powers and Functions of Local Government relating to water services.	Support provided to DPLG in the development of guidelines and in the communication campaign.
	Free Basic Water.	To ensure that Water Services Authorities (WSAs) have the necessary policy, strategy, guidelines and support to implement Free Basic Water. To monitor implementation of the policy nationally.	All WSAs were given copies of Free Basic Water policy, strategy, guidelines and tools. The Provincial Support Units continued to provide support 59.4% of total population were served with Free Basic Water (76.6% of those with access to infrastructure).
	Water Disconnection Policy.	To encapsulate water supply limitation and discontinuation policy in one updated document, taking cognisance of recent legal rulings.	Limitation and disconnection policy addressed in Draft White Paper. Media advertisements placed informing consumers of their rights and responsibilities with regard to water supply.
	Level of Service Policy.	To investigate the implications of amending the basic level of service, to allow for low pressure yard tanks supplying 6000 litres per household per month.	A report on the status of yard tanks locally and internationally was produced. Pilot projects for monitoring KPI's were identified and a monitoring system established.
Local Institutional Development Support	Regulation and support of Water Boards.	Monitoring of Water Boards to ensure compliance with national policies and governance guidelines; and to evaluate the viability of Water Boards and their requirements for support.	Amended Draft Guidelines for the Appraisal of Water Boards Business Plans, Policy Statement and annual reports developed in consultation with Water Boards. Appraisal of 12 Water Boards Business Plans, Policy Statements and annual reports. Policy drafted on extra-territorial activities of Water Boards.
	Consolidation and restructure of Water Boards. (Regionalisation of Water Services Institutions).	Drafting of guidelines, policies, strategies and conducting studies to ensure that Water Boards are viable entities.	Phase 1 of study on Regionalisation/ Restructuring of Water Boards completed.
	Corporate Governance in Water Boards.	Drafting policies and guidelines for corporate governance within Water Boards.	Hay grading done of Water Boards to review remuneration of executive officers and board members. Limitations on Water Boards' borrowing powers gazetted.
	Technical analysis of funding applications for Water and Sanitation (CMIP and CWSS).	Percentage of applications processed.	100% applications processed.
	Development of a capacity building and training strategy.	Drafting of strategy.	Draft strategy finalised.

FORESTRY

South Africa is endowed with both indigenous forests, which form an important part of our natural resource base, and plantation forests, which contribute significantly to our economy. Both natural and planted forests play an important role in rural development.

The Department aims to ensure that South Africa's forests are managed sustainably and that they contribute as much as possible to rural development. To this end, the Chief Directorate: Forestry manages plantation and indigenous forests, offers community forestry services, and provides the policy and regulatory framework for the sector as a whole.

The review period also saw the launch of the restructured Chief Directorate: Forestry. The most significant change has been to move forestry operations and their head office support unit, Forestry Support to the Operations Branch, along with Forestry Transfers which now falls under the National Transfers Manager.

Four forestry units in the Policy and Regulation branch have been formed, under a Manager: Forestry. These units are Forest Policy and Strategy, Forestry Regulation, Technical and Information Services, and Participatory Forestry Management. The units within Policy and Regulation branch serve to ensure that the Policy and Regulatory responsibility of a national Forestry Department is carried out and that assistance to both internal and external role-players in the sector is provided.

Programme 8: Forestry

Aim

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

Achievements

During the year under review, a great deal of effort was put into the restructuring of the Category B forests which are mostly scattered in the Eastern Cape, KwaZulu-Natal and Limpopo provinces. These vary considerably in size, economic viability and status of the forest resources. The variable status of these forests presented a challenge in packaging them in a series of models, which can accommodate local conditions. Interest from traditional authorities, local authorities and even mining houses have also influenced the approach that the Department is taking to the restructuring of these forests.

There has also been extensive effort to address the impact of the restructuring process on the workers who are employed in these forests and the development of options to mitigate negative impacts.

Inclusion of the communities and land claimants, as primary stakeholders, in the process has been a key issue, which the Department and the Department of Land Affairs (DLA) have been deliberating on. A programme is being developed for community consultations in order to ensure significant participation by relevant communities. In some cases communities may take over the ownership of these forests with the support of the Department and DLA.

The devolution of Category C forests has also started and an attempt is being made to combine the approach used for Category C with Category B. Devolution is dependent on the willingness and ability of the community to take over the management and ownership of the woodlots.

Discussion is still underway with National Treasury on responsibility for ongoing liabilities agreed to as part of the restructuring process.

The Directorate: Forest Policy led the

Department's contribution to the development of the SADC Forests Protocol that was signed during the year under review. The main objective of the Protocol is to promote sustainable management of forest resources in order to alleviate poverty, achieve effective protection of the environment, generate economic opportunities for the region and safeguard the interests of future generations.

The Department participated in the United Nation Forum on Forests Second Session which was held in New York in March 2002. In the ministerial segment Minister Kasrils brought the issue of the Congo Basin Forests into the spotlight. In this regard, meetings were held with several leaders from the Congo basin countries as well as heads of delegations from the United States of America and United Kingdom. These countries had shown interest in supporting the initiatives. A partnership was officially launched at the World Summit on Sustainable Development (WSSD) in Johannesburg during September, 2002.

In the commercial plantations, two devastating fires in the Eastern Cape resulted in the deaths of three employees and the destruction of two plantations. In order to minimise the loss to the state, the timber was sold, this fire has had a negative impact on the sustainability of the ongoing forest operations.

All contractual obligations were met and no new disputes were registered during the year. The LMS Sawmills arbitration was not concluded as the sawmill has applied for postponement on numerous occasions. Two applications were brought to the high court by LMS Sawmills, but the Department as defendant won on both instances with cost.

The conversion of the Lowveld plantation to natural vegetation has started and it is expected that the process will be finalised by the end of 2006. As a result of this conversion, the contracts of both sawmillers were cancelled. Compensation is payable to one sawmiller (Yorkcor) and as the parties were unable to reach agreement, the matter has now been referred to arbitration.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Community Forestry	Appropriate services to communities in forest areas.	Agreement on core services and plans are in place.	Plans in place.
		Provision of appropriate services to NGOs.	Assistance programme for NGOs such as: Food and Trees for Africa;Eduplant; Trees for Homes projects in all provinces; and Mineworkers' Development Agency, for the Marula project in Mpumalanga.
		Arbor Week.	High media profile for forestry achieved during Arbor Week.
Forestry Policy & Strategy	Policy documents. Funding of appropriate research. Stakeholder liaison.	National Forestry Action Programme Review. Participation in international process. Strong participation in international processes notably the UN Forests Forum.	National Forest Programme under development. SADC Forestry Protocol signed. International participation has intensified.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Commercial Forestry	Delivery of timber. Collection of revenue. Replacement of old contracts.	Delivery of timber as per contracts.	Timber delivered. Revenue increased on a pro-rata basis. Contracts cancelled.
Restructuring of commercial forest	Transfers to Safcol, private agencies and communities.	Transfers effective.	Category A - large blocks: transfers completed. Category B - medium blocks: in process. Category C - small blocks: have begun to be combined with Category B.
Forestry Regulation	Forest leases. Licensing and permit systems.	Leases signed and systems in place to manage them.	Two leases signed.
	Legislative amendments and regulations.	Preparation of amendments and regulations.	Amendment of Act in process. Amendment to the National Forests Act 1998 (Act 84 of 1998) to provide for the creation of a trust to hold rental income for land reform beneficiaries. Regulations published in terms of the National Forest Act, 1998 (Act 84 of 1998) and the National Veld and Forest Fire Act, 1998 (Act 101 of 1998).
	Criteria and Indicators have been developed.	Validation process for the Criteria and Indicators.	Criteria and Indicators of sustainable forest management in place.
Indigenous Forest Management	Effective management of national forests in line with policy and legislation.	Inventory covering all forests. Roll out of Participatory Management (PFM) Strategy.	Inventory done. PFM forums established.
	Devolution of state natural forest to other agencies.	Transfer process initiated.	Devolution delayed as a result of lack of clarity of national and provincial powers and functions.

REGIONS

The regional offices are mainly responsible for implementing the operational functions of the Department.

Regional Co-ordination ensures a uniform approach to the implementation of policy, on Water Resources Management, Water Services, Forestry and Corporate Services in the regions and monitors programme implementation. It also ensures financial processes comply with National Treasury Regulations and the Public Finance Management Act.

The nine regions have been divided into four clusters:

- Southern Cluster consisting of the Eastern Cape and Western Cape.
- Eastern Cluster consisting of KwaZulu-Natal and Mpumalanga.
- Central Cluster consisting of the Free State, Northern Cape, Gauteng and North West.
- Northern Cluster consisting of Limpopo.

A key requirement for this function is the establishment of effective relations with provincial and local governments as well as other stakeholders. In most regions there is a good spirit of co-operation with other role-players. Provincial Liaison Committees (PLCs) operate in provinces as the official forum where matters of mutual interest may be discussed between officials of the provinces and the National Department. In some cases MECs participate in PLC meetings. In some Provinces PLC's are less effective.

The Minister and provincial MECs, who meet at least twice a year, deal with high-level policy and political issues. The regional operational activities are guided and supported by specialist functions at head office.

Programme 5: Regional Implementation

Aim

To ensure that the management of water resources in the various catchment areas within regions are effective and efficient through technical, financial and operational support, where required as well as direct functional activities. To promote and manage the implementation of efficient water services infrastructure. To support local government to promote equitable and sustainable water supply and sanitation services for all the people in South Africa. To enhance water conservation through programmes such as Working for Water and Water Demand Management Practices.

Regional Operations Programme

- Water Supply Services Infrastructure

This is to ensure infrastructure delivery to minimise water supply backlog and the provision of basic water supply for improved quality of life and poverty alleviation.

The implementation of the Community Water Supply and Sanitation Programme (CWSSP) during the year under review was successful thanks to active intervention by regional offices. The total allocation of R1,222 billion, R1,240 billion was spent and 1,7 million people were provided with potable water. (The overspending was within PFMA guidelines.)

- Sanitation

Here national, provincial and local government structures are co-ordinated to ensure equitable access to safe, hygienic sanitation; support institutions responsible for implementation of the National Sanitation Programme and ensure that sanitation policy is implemented accordingly.

The National Sanitation Programme has co-ordinated meetings of the National Sanitation Task Team (NSTT) on a monthly basis to discuss and agree on sanitation policies, strategies, and implementation approaches and report on progress across all government departments at national level, including the South African Local Government Association (SALGA).

The National Sanitation Strategy, a strategy for capacity building and training and a School Sanitation Strategy have been finalised in co-ordination and consultation with other national departments and SALGA. These will be rolled out during the 2003/4 financial year. An amount of R150 million was allocated to Department of Local Government (DPLG) to address the school sanitation backlog via the Consolidated Municipal Infrastructure (CMIP) Programme using labour-based construction methods. An amount of R40 million was allocated to the Department to address the clinic sanitation backlog.

The Basic Household Sanitation Policy was rolled out at regional level as well as in some district municipalities for stakeholders to fully understand the policy. A total of R219 446 million was spent on the implementation of the Sanitation Programme and 65 105 households were served.

A process to develop a Free Basic National Sanitation Policy has started. This aims to address the policy gaps not addressed in the Basic Household Sanitation Policy. A plan is in place to roll out to newly established Water Services Authorities.

The Sanitation Programme, despite the earlier challenges and constraints, has shown remarkable improvement in terms of provision of facilities, health and hygiene impact. The performance (delivery and expenditure) of the Programme is currently much further advanced than a year ago with a solid foundation in place to facilitate delivery acceleration to meet the target to fully eradicate the backlog by 2010. The various stakeholders

and role-players have demonstrated better appreciation of the policy requirements with the several new guidelines made available during the past year. A new integrated tracking and monitoring system is currently being rolled out to provide more accurate and more up to date information for programme control.

- Transfer of Water Services Schemes

A National Transfer Task Team was established with the responsibility to act as a full-time driver for the transfer of water schemes to district and local municipalities. The objective is to create an enabling environment for transfers; to determine the national strategy and a programme for transferring schemes; to assist regions and head office to transfer all water services works to appropriate institutions by means of a process that ensures sustainable, efficient and equitable delivery of these services to all users and to identify and obtain full co-operation from all stakeholders, especially SALGA.

A Joint Water Services Transfer Policy was developed by the Department in collaboration with SALGA, DPLG and National Treasury. This Policy was approved on 29 November 2002. The policy rollout commenced in January 2003. A draft Cabinet memorandum in respect of transfers has been prepared to be tabled during 2003.

A Functional Assessment of 438 water schemes and projects was completed at the end of January 2003. All Functional Assessment data is being transferred to the departmental database and shared with relevant district and local municipalities. Proposals are under way for the training of staff to support and maintain the database and respond to queries from Water Services Authorities. The total current value of schemes are estimated at R7,5 billion, replacement value R10,3 billion and refurbishment is estimated to be R710 million.

Most regions are on target for the signing of Water Services Providers Agreements. Only one transfer agreement has been signed so far. The new authorisation of the division of powers and functions between district and local municipalities in terms of the Municipal Structures Act was announced in November 2002 and will become effective by July 2003. The effective date for implementation has had an impact on the transfer programme and signing of Water Services Providers Agreements. Target dates have thus been accordingly adjusted.

Capacity constraints within some local authorities may inhibit their ability to perform water and sanitation services functions. An action plan to improve the capacity at local government level in support of transfers is now being prepared.

- Refurbishment of Water Services and Water Resources Schemes

During the year under review the Department spent the R43 million allocated for refurbishment, of which R 27 million was spent on water services schemes to prepare these schemes for transfer to the relevant district and local municipalities, water boards and similar bodies. An amount of R16 million was spent on water resources infrastructure mainly to address dam safety aspects especially on schemes located in some of the previous homelands. A certain portion of the funding was also utilised to address problems caused by floods.

The need for refurbishment is to bring the schemes up to an acceptable physical and functional level to prepare them for transfer to municipalities and Water Users Associations, compensating for inadequate maintenance funding in the past as highlighted below.

- Flood Damage Repairs

Repair work regarding the damage caused by the floods of February 2000 continued during the year. The main repair work was in the Limpopo Province where R66 million

was spent and R4 million in North West.

The cumulative figure spent on flood damage amounts to R290 million. A total amount of R68 million is needed to repair the remainder of the flood damage in the coming financial year.

- Registration of Water Use

The Water Use Authorisation and Registration Management System (WARMS) and a SAP software system have been implemented and are currently in use in the regions. During the year under review the National Register of Water Use has grown to more than 61 000 water users registered in all nine provinces, making South Africa one of the first countries in the world to achieve information regarding water use at property level.

In order to issue invoices and manage debtors' information, a new billing system was implemented at the Department's regional offices. During the year under review more than 52 000 invoices have been generated using the new SAP system and a total of R46 400 000 has been collected in all nine regions in respect of the new Water Resource Management Charges alone.

- 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, hydro-graphical surveying of dams, setting out of flood, silt and servitude beacons, surveying and monitoring of development in catchment and the geodetic observations of movement of structures due to stresses caused by water forces.

- Hydrometry

Hydrometry determines the quality and quantity of surface and groundwater available for the utilisation 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 for both quality and quantity of surface and ground water. The data is available for the management of the water resources within a catchment, for planning purposes and for research etc.

- Water Drilling Services

Drilling is in certain cases done for research purposes and routine observation boreholes for the establishment or expansion of the national ground water database. The purpose is to provide information on the potential of ground water resources in South Africa. Specialised drilling operations and drilling of production boreholes are core functions of these services.

- Geotechnical Drilling Services

Geotechnical Drilling is carried out to provide data and information for planning and design of water infrastructure, dam safety and geological mapping.

- Geotechnical Services

Geotechnical services assesses the availability of ground water resources and the identification of borehole sites; assesses the availability of underground water resources and provide other geo-hydrological services, for example the development and monitoring of sites for the disposal of solid waste, with the main focus on the protection of ground water resources.

- Advisory Services

Rendering advice to statutory bodies regarding the management, establishment and utilisation of water works, water services and related matters.

- Regional Water Services Planning

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

- 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.

KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Management	Strategic plans, service contracts, control measures, corporate guidance, support services to all line functions in the regions and decentralised functions to Water Management Areas.	Well guided and goal orientated regions. One operations plan per region.	100% Completion of operations plans per region (Nine regions).
Regional Co-ordination	Updated and accurate database and financial processes in compliance with Public Finance Management Act and National Treasury Regulations.	Improved quality of information for each financial year since 1998/99, leading to improved cash flow predictions. Accuracy range on monthly average of $\pm 10\%$ and in total for the financial year $\pm 2\%$ within approved budget allocation.	Regional Implementation Programme managed to save about 1.65 % of its total budget. The saving has been achieved through reprioritisation of functions in order to fund the urgent flood damage programme and more efficient, effective and economic use of resources.
	Programme management of the Water Services Capex Programme within budget and schedule.	Programme within budget and on schedule (3% tolerance).	Programme expenditure was within of budget.
Hydrometry	Collection and processing of hydrological data.	Data collection at gauging stations for use by the Department and other users. Data sets processed and converted to information.	100% Compliance at 1555 gauging stations, except where data capturing was affected by flood damage. 2246 Data sets have been 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 river flow-gauging stations, construction of new gauging stations and repair damaged gauging stations.	9 New gauging stations constructed. 39 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: Geodetic Surveys depending on demand. Hydrographical Surveys at ± 80 dams. Cadastral Surveys depending on demand. Topographical/ Floods Surveys, if required. Photogrammatic Surveys on demand.	76 Surveys completed. 40 Surveys completed. 21 Surveys completed. 129 Surveys completed. 6 surveys completed.
Water Drilling Services	Water supply and exploration drilling.	Boreholes drilled and equipped with lids and concrete blocks.	484 boreholes drilled and equipped.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Geotechnical Drilling Services	Provision of drilling services in respect of geotechnical investigations for the planning and design of structures.	Target various sites.	34 717 meters in total actually drilled.
Geotechnical Services	Collection of data for Geohydrological Database.	Monitoring and siting of production boreholes.	905 boreholes sited.
	Geological assessment and landfill sites.	Landfill sites to be assessed for licensing.	130 sites assessed.
Advisory Services	Rendering of advice to Water User Associations (WUAs) and existing Irrigation Boards and resource-poor farmers on how to establish WUAs and on the management, establishment and utilisation of water works.	Support services to clients.	Numerous and diverse advisory services performed ranging from Water Services issues to Water Resources Management to Local Government, Water Boards, Irrigation Boards etc. A typical example is where the City of Bloemfontein experienced water quality problems and support was rendered by the Department to Bloem Water and Bloemfontein Municipality.
Regional Water Services Planning	Promotion, and Evaluation of Water Services Development Plans (WSDP).	Liaise with Municipalities to develop WSDP.	78 Municipalities were approached and supported with regard to the development of WSDP.
		Evaluation of completed WSDP.	78 WSDP'S
	Identification and prioritisation of water services projects.	Identification and prioritisation of water services projects in 9 regions.	100% of targeted WSDPs completed.
Implementation of water services projects	Deliver functional and sustainable water services projects.	Number of projects in construction phase to serve communities.	1 701 585 People served through the completion of 521 projects in eight of the nine provinces.
	Sanitation Programme/ Projects.	Number of VIPs (Latrines) to be completed.	65 105 VIPs completed.
	Awareness campaigns.	Improved health standards through sanitation and hygiene awareness campaigns.	1085 health and hygiene campaigns were undertaken.
Sustainable Development	Train and develop local governments and communities to operate and maintain water supply and sanitation projects.	Improved knowledge and skills at local government level.	Presentations have been made to 140 local authorities.
		Capacity building of communities.	Training and negotiations with 3 753 community members.

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
	Transfer water supply and sanitation schemes to local governments / municipalities or to service providers in instances where the relevant authority decides to take such option.	Successful transfer of schemes/ projects to local government.	12 Projects have been fully transferred. Operational responsibility of 26 schemes have been transferred to local government.
Integrated Catchment Management	Establish Catchment Management Agencies (CMAs).	Number of CMAs approved.	One CMA approved (for the establishment of an Advisory Committee). Two proposals under consideration.

Regional offices under Programme 5 are responsible for activities funded by the Exchequer. In addition to Exchequer-funded activities, regional offices are also responsible for activities funded by the Water Trading Account.

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, thereby ensuring the effective integration of water quality, water utilisation and water conservation objectives.

Policy Implementation

Work continued with the establishment of Catchment Management Agencies (CMAs). Proposals for the establishment of Crocodile West / Marico and the Mvoti / Mzimkulu are still under consideration. Proposals for the establishment of the Nkomati CMA have been approved and the implementation phase will be rolled out during 2003/04.

The proposals for the establishment for the Breede and Gourits Water Management Areas (WMA) are in line draft. The proposals for the Olifants-Doorn WMA will be completed during the next financial year as part of the Integrated Water Resources

Management (IWRM) projects, which is well advanced in this catchment.

During March 2003 the Montagu and Swellendam magisterial districts experienced a major flood (associated with a one in 25 to 30 year re-occurrence). Peak floods were absorbed by the empty departmental dams. The region played an integral part in co-ordinating the disaster management operations.

A directorate, which had been established at head office to take the lead in developing processes and procedures for compulsory licensing, started functioning during the year under review.

Water Quality Management

The aim and objectives of water quality management are developing and implementing water quality management plans to manage and/or regulate water quality and waste management strategies for surface and ground water resources, and to ensure a sustainable quality for the use thereof, as stipulated by the National Water Act.

Dedicated attention has been given to the

monitoring and control of pollution and other measures related to water quality management.

Special interventions were done in the Eastern Cape, Northern Cape and KwaZulu-Natal in respect of Cholera from December 2002 until March 2003.

Water Utilisation

Water utilisation implements strategies for equitable allocation, efficient and sustainable utilisation of water resources in the agricultural, industrial and municipal sectors. This role is critical for the facilitation of water user registration.

Water Conservation and Working for Water

Implemented strategies aimed at reducing water demand. The goal is to enhance water conservation through demand management. This includes the operational activities of the Working for Water (WfW) Programme, which, inter-alia, focuses on the eradication of invasive plants in catchments. The operational management of WfW forms part of the Operations Branch, whilst the nine regional offices do the implementation thereof. A total of 266,147 hectares were cleared (initial clearance of invading alien plants) and 523,613 hectares of follow-up work were done in this period under review.

The Working for Water Programme, which is managed as a partnership with other Departments and agencies, issues a separate annual review for this period.

Dam Safety Control

Annual and quarterly dam safety inspections were carried out to ensure good monitoring of structures. Operation and Maintenance manuals and Emergency Preparedness Plans for various dams were produced. Continuing with dam classification and registration.

Water Trading Account 2: Integrated Systems

Aim

To manage, operate and maintain Government Water Schemes of national importance such as the transfer of water from donor catchments to supplement the water resources in recipient catchments.

Policy Implementation

The Regions are responsible to ensure that water is available at acceptable levels of assurance.

Operations and Maintenance

Supplying treated and untreated water to users in bulk such as Sasol, Eskom etc, other bulk or reticulation suppliers such as water boards and municipalities or other users. Supplying raw water in bulk to Water User Associations and existing irrigation boards for distribution to individual irrigators.

Betterment Works and Flood Control

Upgrading or improvement of water supply works, 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

Section 98 of the National Water Act makes provision for the establishment of Water Users Associations (WUAs) and regions have the responsibility for converting existing irrigation boards into WUAs, which are intended to be more representative of the communities being served.

It is also the intention to transfer the Operations and Maintenance (O&M) functions of certain bulk water schemes to WUAs and good progress continues to be made in this regard. intention to transfer the Operations and Maintenance (O&M) functions of certain bulk water schemes to WUAs and good progress continues to be made in this regard.

Progress on Government Water Scheme transfers is as follows:

- Northern Cape: O & M responsibilities transferred to Vaal Harts, Kakamas and Boegoeberg WUA's together with 205, 29 and 44 staff respectively.
- Free State: O & M of Oranje Riet and 45 staff transferred to WUA.
- Western Cape: Transfer of 101 staff to LORWUA, delayed due to labour relations' issues.

Since the infrastructure of WUA's remains state-owned, a systematic process of monitoring and oversight is being established as an exchequer-funded activity.

Operation and Maintenance

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

Supplying bulk raw and treated water to water services institutions, other bulk suppliers or other water users. Supplying bulk raw water to WUAs (irrigation boards) for distribution to individual irrigators within an irrigation district as defined by the National Water Act and the supply of raw water to individual irrigators within Government Water Schemes.

Betterment Works, Flood Control and Drainage

Upgrading or improvement of 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. Constructing or improving water drainage works and related structures.

Water Trading Account 4: Water Services

Aim

To manage, operate and maintain regional water services infrastructure.

Operation and Maintenance

Operate and maintain the infrastructure necessary to supply water to consumers. Operate and maintain the infrastructure for the treatment of sewage.

Establishment of preventative maintenance mechanisms on existing bulk water schemes, existing sewerage ponds and plants, pump stations and boreholes. Bulk water supply to reservoirs and reticulation and including borehole schemes, and pumps and sanitation.

Betterment and Flood Control

Upgrading or improvement of water supply works, water control works sewage work, purification works and related structures. Flood monitoring, flood control activities, flood warnings and the repair of flood damages to Government water works.

Crisis Intervention

Providing alternative water supply in case of water supply failure or due to lack of infrastructure such as emergency repairs and provision of water tankering services.

Trading Accounts

Other performance statistics for Programme 5 and Trading Accounts 1 to 4 are given, by province, in the following tables.

Performance by regional office	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Hydrometry										
Data collection at gauging stations	*	102	132	249	145	292	287	105	243	1555
Data sets processed	*	367	132	198	346	354	413	76	360	2246
Operate and maintain gauging stations	*	169	120	77	145	230	287	72	243	1343
Construction of new gauging stations	*	1	0	2	1	3	2	0	0	9
Flood repairs to gauging stations	*	34	3	0	0	2	0	0	0	39
Survey Services										
Geodetic Surveys	*	3	13	8	5	15	30	0	2	76
Hydrographical surveys	*	11	5	0	4	8	1	0	11	40
Cadastral surveys	*	4	2	8	1	0	2	0	4	21
Topographical surveys	*	37	8	19	6	21	2	0	36	129
Photogrammatic ground surveys	*	0	2	2	0	0	0	0	2	6
Water Drilling Services										
Boreholes drilled	0	320	13	0	0	11 (3100)	45 (992 m)	95	0	484
Geotechnical Drilling Services										
Drilling (meters)	0	23026	*	0	1200	0	2056 m	8435	0	34717 m
Geotechnical Services										
Monitoring and siting of boreholes	0	320	*	20	112	79	80	60	234	905
Assessment and licensing of landfill sites	0	40	*	0	4	23	10	47	6	130
Compile hydro-geological maps	0	2	*	0	0	2	1	4	0	9
Advisory Services										
Services to clients	0					35 stat. Bodies				
Regional Water Services Planning										
Municipalities that prepared WSDP processes	4	6	13	10	6	6	5	26	2	78
WSDP to be evaluated	0	3	13	3	3	6	4	13	0	45
Identifications and prioritisation of water services projects in 9 regions	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

* Done by Gauteng Regional Office

Implementation of Water Services Projects	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Projects implemented	22	166	50	33	3	234	3	10	0	521
People served with water and sanitation infrastructure	91000 84000	130 537 47 223	101615 36 246	374 815 201 909	38433 0	307000 0	2851 0	1564 24415	0 0	1210797 357547
Improved health through sanitation and hygiene awareness campaigns (Communities Addressed)	156	375	123	81	7591 90 work shops	180 communities 139 projects	2	66	12	1085
Completed VIP's/Latrines	6924	6970	4627	23 342	6468	10839	0	5935	0	65105
Sustainable Development										
Improved knowledge and skills at local government level	15	6	23	14	4	38	9	25	6	140
Capacity building of communities	90	1500	237	1463	5	120	20	302	16	3753
Transfer of schemes/ projects to local government	0	1	0	4	0	6	1	0	0	12
Agreements signed for the implementation and transfer of projects	0	1	0	0	0	26	0	39	0	66

WATER TRADING ACCOUNT 1 ANNEXURE B

INTEGRATED CATCHMENT MANAGEMENT

Planning & Implementation of Catchment Plans	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Catchment Liaison Forums	9	2	2	31	4	2	44	30	26	150
Water User Associations	0	1	2	2	1		24	4	0	34
Dam Safety										
Dam safety routine inspections on State dams	100	34	2	40	24	75	150	32	145	602
Operational manuals prepared for state dams	22	3	0	0	3	25	8	6	2	69
Dams registered for dam safety purposes	0	0	74	40	35	30	25	29	0	233
Water Quality Management										
Licenses issued	4	15	9	10	5	6	25	5	10	89
Discharges registered	72	10	103	122	20	115	0	17	100	559
Old mines properly maintained	0	0	3	16	2	0	0	25	1	47
Monitoring of ground water and river sites	65	79	173	150	146	204	571	510	255	2153
Water Allocation										
Water use licenses assessed	22	37	75	88	51	70	25	146	20	534
Identify unlawful water users	3	136	49	100	0	9	200	31	35	563
Water accounts – by “WARMS”	4708	9898	7619	9116	8179	9228	8887	3053	5303	65991
Water accounts – by hand	30	381	0**	230	336	51	221	9275	3542	14066
Water Use Control										
Water use registration forms completed	4500	7300	7132	12000	85	5300	8837	2237	1000	48391

** Done by Mpumalanga

WATER TRADING ACCOUNT 2

INTEGRATED SYSTEMS

O&M	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
The O&M of schemes in line with national standards for raw water	22	5	0	8	2	4	6	0	6	53
Maintenance of pump stations	0	0	0	1	1	1	4	0	17	24
Maintenance of km's canals	0	110	0	1	185	92	24	0	0	412
Maintenance of km's pipelines	0	6	0	22	85	20	358	0	550	1041
Dam inspections for the year	0	20	0	20	10	32	72	0	29	183
Betterment Works										
Upgrading of houses	0	0	0	3	15	0	33	0	25	76



Part 4 Report of the Audit Committee

We present our report for the financial year ended 31 March 2003.

Audit Committee Members

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. During the year under review, four meetings were held.

Members of the committee are :

Mr J Pema (Chairperson) and Messrs B J Mahlangu, J A Boyd, W J du Preez and A M Muller (Director-General: DWAF).

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

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

- Department of Water Affairs and Forestry – Vote 33
- Water Trading Account
- Equipment Account

The effectiveness of internal control

The system of internal control is partially effective as the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the adverse audit opinion and management letter of the Auditor-General has reported.

Significant and material non-compliance with prescribed policies and procedures have occurred during the past two financial years.

The Internal Audit function is conducted internally. The internal audits, as part of the rolling three-year strategic internal audit plan, have been conducted.

The Audit Committee has noted the progress being made by the Internal Audit Department. However, capacity and skills limitations in financial management in the Department has resulted in a number of shortcomings in the internal control system being highlighted and being brought to the attention of the accounting officer and the Department's management:

- Due to the wide geographic spread of the Department's activities, document management did not always function effectively, and information was thus not always readily available and could not be submitted timeously when requested.
- Internal controls were ineffective regarding payments in particular to a fleet management contractor, leaving the Department in many cases to rely on documentation and information being furnished by the supplier only.
- Updated asset registers in respect of movable assets were not available at most locations.
- As far as Donor funding is concerned,
- Evidence could not be submitted that payments to an implementing agent were verified against an approved business and/or project plan.

- It was not evident that the Department ensured that all implementing agents complied with the Department's general conditions for procurement.
- The departmental user manual in respect of procurement does not yet provide adequate guidance to staff in respect of payments to implementing agents.
- Contrary to the terms of some donor agreements, some payments in respect of donor fund projects included value added tax.

We are aware that there are a number of areas within the systems of internal controls, which require improvement but may not present the department with immediate, significant risk. However, timely corrective action is required to address these weaknesses and prevent loss.

The Audit Committee has also noted the limited reliance placed by the Auditor-General on the work of Internal Audit due to the differing focus areas.

Risk Management

The Department of Water Affairs and Forestry undertook a comprehensive risk assessment exercise during the 2002/2003 financial year. Flowing from this exercise, a Risk Management Committee was created to assist in overseeing the quality, integrity and reliability of the Board's corporate accountability and associated risk management and reporting.

Aspects requiring specific mention

For the current year, the Auditor-General has rendered an Adverse Opinion on the financial statements due to significant shortcomings and differences in balances recorded in the trading entities of the Department.

During the previous financial year, the Auditor-General rendered an Adverse Opinion on the financial statements of the Department. The basis for the Adverse Opinion was that full and proper records of the financial affairs of the trading entities of the Department had not been maintained separately from those of the vote.

Certain transactions, balances and information that should have been reflected in the financial statements of these trading entities, were erroneously included in the financial statements of the vote.

The Audit Committee has taken note of the findings and opinions of the Auditor-General, and is monitoring the steps being taken by management to address each of the following issues:

- (i) Inclusion of transactions and/or information relating to the department's trading entities in the financial statements and note to the financial statements of the vote;
- (ii) Supporting evidence not submitted during the audit;
- (iii) Inadequate control over clearing and suspense accounts;
- (iv) Unauthorised expenditure;
- (v) Recoverability of State loans to certain water boards, irrigation boards and municipalities;
- (vi) Basis of Debtor's Management System;
- (vii) Recoverability of debtors – Limpopo region;
- (viii) Inventories on hand at year-end.

Evaluation of Financial Statement

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting

Officer the audited annual financial statements included in the annual report;

- Reviewed the Auditor-General's management letter and management response;
- Reviewed the accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

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



MR J PEMA
Chairperson of the Audit Committee

Pretoria

25/08/2003



Part 5 Annual Financial Statements

MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2003

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

1. General review of the state of financial affairs

Important policy decisions and strategic issues facing the Department

The Department continues to develop its new policy and regulatory functions in water resources, water services and forestry. It is transferring commercial forestry functions to the private sector and community-owned structures. The focus of the Water Services programme is shifting to provide support to local government in performing their functions as water service authorities and transferring departmental water service schemes to local governments, as well as adjusting the conditional grant to local government for basic water services infrastructure in terms of the new Municipal Infrastructure Grant.

An integrated inter-departmental approach to sanitation under the leadership of the Department of Water Affairs and Forestry is being implemented.

The Department continued to implement the National Water Act, 1998 (Act 36 of 1998), in particular the establishment of new catchment management agencies and water user associations. The determination of the basic needs and ecological reserve has been initiated and a system to classify water resources to determine the levels of protection to apply is being developed. The registration of water use

is under way, which will provide the basis for the allocation of the resource. These promote, the conservation of national resources and cooperative utilisation of shared regional resources will be guided by the National Water Resources Strategy.

Significant events that have taken place during the year

• Water Services Transfer Programme:

Since 1994 the Department became the owner and operator of water services infrastructure transferred from the former homeland administrations. In addition, the Department has continued to operate some basic water services capital projects implemented through the Community Water Supply and Sanitation Capital Programme. In order to give effect to the constitutional and other legal frameworks regulating water services provision, the Department is implementing a comprehensive programme to transfer the water services works that it currently owns and/or operates to the relevant water services authorities/institutions over three years.

In terms of the programme which is included in a framework of the Division of Revenue Act, all transfers will be effected by June 2005 with all conditional grants (subsidies) phased out by June of 2011 at which stage the conditional grants will be incorporated into the equitable share allocations to local government. At the close of the financial year transfers were made to the Buffalo City Local Municipality, Ukhahlamba District Municipality, City of Tshwane, Lepelle Northern Water, Bushbuckridge Water and Ikangala Water.

- Berg Water Project:

The agreement to construct the Berg Water Project, which will cost R1 500 million, has been signed between the Department and the City of Cape Town in order to meet the growing water demands of the City of Cape Town. It will be funded off the budget. Other potential larger users are the West Coast District Municipality and the agricultural sector. The largest portion of the water will however be utilised by the City of Cape Town. By direction of the Minister of Water Affairs and Forestry the Trans-Caledon Tunnel Authority (TCTA) is responsible for implementing the project. This includes construction work and funding arrangements.

The proposed Berg Water Project consists of the 60 meter high Berg River Dam on the Berg River near Franschoek and a pump station at the dam to deliver water into the existing tunnel system. The project includes the Supplement Scheme comprising an abstraction weir and pump station downstream of the dam, which will deliver water to the dam during the winter months. Construction is scheduled to commence in early 2004 in order to deliver water by May 2007.

Major projects undertaken or completed during the year

- Sabie River Government Water Scheme

Inyaka Regional Water Treatment Works and Inyaka raw water pump station

Operation of Phase IA is being monitored after commissioning in 2001. Construction of Phase IB is 25% complete. Construction of raw water pump station commenced in March 2003.

Hoxani abstraction works

Construction is 85% complete and started to deliver water from the new works in October 2002.

- Luvuvhu River Government Water Scheme

Nandoni Dam

Construction is 85% completed.

Xikundu Water Treatment Works and Distribution Scheme

Construction of the Works and Scheme is respectively 95% and 45% completed.

- Mooi-Mgeni Government Water Scheme

Raising of Midmar Dam

Completed.

Mearns Weir

Construction completed. Impoundment started on 6 February 2003.

Summary analysis of Water Service Projects completed and commenced in 2002/03.

Region	Project Type	Projects Commenced in 2002/03	Projects Completed in 2002/03
Eastern Cape	SANITATION	3	
	WATER	13	16
Eastern Cape Total		16	16
Free State	SANITATION		1
Free State Total			1
KwaZulu-Natal	SANITATION	13	4
	WATER	13	15
KwaZulu-Natal Total		26	19
Limpopo	WATER	2	2
Limpopo Total		2	2
Mpumalanga	SANITATION		1
	WATER	1	13
Mpumalanga Total		1	14
North West	WATER	5	2
North West Total		5	2
Western Cape	SANITATION		1
	WATER	2	
Western Cape Total		2	1
Grand Total		52	55

Spending trends

- Reasons for under/(over) spending

Please see the Notes to the Appropriation Statement.

- Impact on programmes and service delivery

**Programme 1: Administration:
Underspending - R0,203 million.**

The underspending is not significant.

**Programme 2: Water Resources
Assessment: Underspending -
R4,381 million.**

A strategic intervention process has been indicated including negotiations with internal stakeholders and producing a realizable operational plan. Some investigations had been delayed, others prioritised.

**Programme 3: Water Resources Planning:
Underspending - R5,889 million.**

The Department already requested to roll-over R5,480 million of this amount and should this request not be granted, payment will have to be made out of the current budget. This will result in the scaling-down of services for the current financial year.

**Programme 4: Water Resources
Development: Underspending -
R0,576 million.**

The underspending is very small.

**Programme 5: Regional Implementation:
Underspending - R56,926 million.**

Some regions experienced periods of drought, resulting in a higher than normal demand for water. This led to a higher sales of water than expected, which raised

our revenue reducing the augmentation of the Water Trading Account and, leading to an under expenditure in the Exchequer Account. There were also delays in the implementation of the Flood Damage Programme, resulting in certain commitments not being met within the reporting period. R44 million of this money has already been requested for roll-over. Should it not be made available, spending for new projects will be curtailed, leading to less services being provided.

Programme 6: Integrated Water Resources Management: Underspending -R8,177 million.

Some of the projects performed under this programme overlap into the next financial year and the allocated funds have already been requested to be rolled-over. If not granted, new projects in the current year will be delayed.

Programme 7: Water Services: Underspending - R5,744 million.

Some of the projects performed under this programme overlap into the next financial year and the allocated funds have already been requested to be rolled-over. If not granted, new projects in the current year will be delayed.

Programme 8: Forestry: Underspending - R0,170 million.

The underspending is not significant.

2. Services rendered by the Department

The Department renders the following services

The main services rendered by the Department are to ensure that water is provided to all South Africans in an efficient and cost-effective and sustainable way and to manage and sustain our forests, using the best scientific practice in a participatory and sustainable manner. Details of these services are covered under the different Key Performance Areas within the programmes.

Tariff policy for water resources

The policy framework for water resources is stipulated in Chapter 5 of National Water Act, 1998. Raw Water Pricing Strategy was established on 12 November 1999 by a notice in the Government Gazette.

Contents of Pricing Strategy

The Pricing Strategy contains the objectives, methodology and implementation strategy for setting water use charges for purposes of:

- funding water resource management by water management institutions,
- funding water resource development and use of waterworks by:
 - the Department
 - water management institutions,
- achieving the equitable and efficient allocation of water (economic charge).

Water uses subject to pricing

Section 56 of the National Water Act, 1998 empowers the Minister of Water Affairs and Forestry 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 currently only covers the following three consumptive water uses:

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

The proposed Pricing 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 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.

Free services

Free Basic Water

The Free Basic Water policy is part of a wider strategy to address poverty and ensure that all citizens have access to clean water.

Since the commencement of the implementation of this policy on 1 July 2001, the number of people who are presently being served with Free Basic Water per month is approximately 26,8 million, representing 57,6% of the total population. In terms of those who have access to water infrastructure, this figure is approximately 69,6%. Arrangements are in place to provide local governments, which are constitutionally mandated to provide services, with support to ensure that the policy is implemented successfully and is sustainable. The delivery of basic water to all is the entry point of economic and sustainable development from households to communities and to nations.

Other services

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

3.Capacity constraints

The Department has identified the need to have its staff trained and developed in a wider range of its functions. With restructuring that has resulted in the establishment of Water User Associations and Catchment Management Areas leading to the possible ultimate transfer of staff to these institutions, it has become necessary to provide particular skills to the affected individuals. This is aimed at ensuring that work will continue and the necessary services will be rendered.

4. Utilisation of donor funds

During the 2002/03 financial year an amount of R309 371 051,83 was spent on projects funded through donor funds.

These donor funds were received from the following donor countries.

	R'000
European Union	243 485
Finland	1 028
Ireland	20 000
Netherlands	24 600

5. Trading entities

The Department operates the following trading entities:

Water Trading Account, and Equipment Trading Account.

These trading entities were established in terms of the old Exchequer Act, 1975 (Act 66 of 1975) and the Director-General is the Accounting Officer of both entities.

Water Trading Account

The Water Trading Account is divided into four components, each designed to provide a channel for funding a specific activity in the water sector.

- **Component 1: Integrated Water Resources Management.**

The aim is to develop catchment management plans and to implement these through the effective integration and roll-out of water quality, water utilisation, and water conservation measures within all catchments in the country.

- **Component 2: Integrated Systems.** In many cases the available water resources in a particular area cannot meet the demand. Water is then transferred from water-rich catchments, for example from the Tugela basin to Gauteng. The management, operation and maintenance of these schemes as integrated systems, as well as

the revenue collected from water users, are reflected in this component.

- **Component 3: Bulk Water Supply.** A number of schemes are operated as stand-alone schemes and do not form part of an integrated network with other schemes. The supply of water is mostly in bulk to different water-user groups, but the agricultural sector is by far the largest consumer.

- **Component 4: Water Services.** After 1994, a number of schemes (water and sanitation) were transferred from the previous homeland dispensations to the Department of Water Affairs and Forestry. More than 7 million people are currently served through these schemes, and the operational, maintenance and management costs are reflected in this component.

Equipment Trading Account

The Equipment Trading Account provides equipment for construction and maintenance of government water schemes.

Public entities

The following public entities report to the Department.

Trans-Caledon Tunnel Authority (Schedule 2)

The Trans-Caledon Tunnel Authority (TCTA) was established in 1986 to undertake certain tasks emanating from the treaty on the Lesotho Highlands Water Project on behalf of the South African Government. 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 fund all costs incurred in the water delivery component of the Lesotho Highlands Water Project, and to undertake financial risk management on behalf of South Africa.

Following revisions to the protocol for the implementation of the project, new governance arrangements have been 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 Highlands Water Project – the Department of Water Affairs and Forestry may require specific expertise on other projects as well. In accordance with this provision, the Authority has been tasked to assist Umgeni Water Board with the management of its treasury function. It has also been tasked with the construction and raising of funds for the Berg River Project.

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 Research Commission (Schedule 3 – Part A)

The Water Research Commission was established in terms of the Water Research Act, 1971 (Act 34 of 1971). Its terms of reference are to promote co-ordination, communication and co-operation in the field of water research, to establish water research needs and priorities from a national perspective, to fund research on a priority basis, and to promote the effective transfer, dissemination and application of research findings. The Commission plays an important role in developing high-level human resources in the sector.

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

Accountability arrangements

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

Water Boards (Schedule 3 – Part B)

Functions

The Water Boards were established as water service providers that report to the Minister of Water Affairs and Forestry. These Boards manage water services within their supply areas, and supply potable water at cost-effective prices.

The Water Boards

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

The Kalahari East and Kalahari West Water Boards have been disestablished, and reconstituted as water-user associations. The North West Water Supply Authority was renamed Botshelo Water.

Accountability arrangements

The Water Boards were established in terms of the Water Act, 1956 (Act 54 of 1956) and the Water Services Act, 1997 (Act 108 of 1997). These Boards are currently administered by the Water Services Act. The Water Services Act requires Water Boards to submit Policy Statements, Business Plans and Annual Reports to the Minister of Water Affairs and Forestry, in terms of Sections 39, 40 and 43 respectively. In terms of this Act the Minister may direct a Water Boards to amend its business plan or policy statement if aspects are not consistent with the Act or are deemed not to be in the best interests of the general population. The review of

business plans takes place annually during which time each Water Board has to respond to issues raised in the Department's appraisal of their business plan.

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

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

In terms of the Public Finance Management Act, (PFMA) 1999, (Act 1 of 1999), Water Boards, as Schedule 3, Public Entities, must submit audited financial statements to National Treasury for each financial year in accordance with the generally accepted accounting practice. Further, in terms of the PFMA the accounting authority is the Board and its fiduciary responsibilities are spelt out in section 50 and 51 of the PFMA.

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

the repayment of capital from revenues over time; and make reasonable provision for future capital requirements and expansions.

The impact of their financial performance on the Department has therefore been limited. Apart from providing seed funding for some of the newly formed Water Boards and operating subsidies, where they have undertaken specific functions on behalf of the Department, the Department has only in exceptional circumstances had to provide financial assistance to some of the Water Boards.

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, the Komati River Basin Water Authority (Kobwa) was established as a special purpose vehicle charged with managing and financing the project. The main focus of the project was the construction of the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland. Both have been completed.

National Forest Recreation and Access Trust

The object of the National Forest Recreation and Access Trust is to promote access to and the use of forests for recreation, education, culture or spiritual fulfilment. In terms of section 41(2) of the National Forests Act (84 of 1998), the Minister is the sole trustee of the Trust. The only source of revenue for the Trust is interest earnings.

6. Organisations to who transfer payments have been made

List of entities to who transfer payments have been made.

CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES

	R'000
UGU District Municipality	4 876
West Coast District Municipality	3 725
Capricorn District Municipality	8 848
Alfred Nzo District Municipality	7 211
Amatola District Municipality	19 464
Cacadu District Municipality	8 263
Chris Hani District Municipality	12 381
OR Tambo District Municipality	27 822
Ukhahlamba District Municipality	12 596
Motheo	9 139
Xhariep	862
Thabo Mofutsanyane	3 440
Lejweleputswa	10 490
Eastvaal	9 736
Ehlanzeni	3 203
Nkangala	13 332
Sekhukhune	3 000
Kalahari	2 780
Siyanda	1 203
Namakwa	513
Central Karoo	327
Eden	1 950
Garden Route	1 329
Irrigation Boards	
Koekedow	11 270
Great Fish River	1 536
Komati River	4 768
Crocodile River Major	261
Koster River	14
Lepelle Northern Water	207
Klerksdorp	16
Water Boards	
Umgeni Water Board	60 000
Bushbuckridge Water Board	4 000
Inkangala Water Board	1 270
Other Transfers	
Equipment Trading Account	2 500
Water Trading Account	1 094 186
Total	1 346 020

Reasons for Transfer Payments

Grants to Municipalities

Transfer payments are made to municipalities in accordance with the exit strategy of the Community Water and Sanitation Programme (CWSSP) from the Department to local government as detailed in the Division of Revenue Act, i.e. the framework for conditional grants to local authorities for the Department's capital projects. Transfer payments are made to ensure that local government has funds to implement those projects identified in Water Service Development Plans (WSDPs).

The ultimate endeavour of transfer payments is to ensure that sustainable water and sanitation infrastructure is delivered to rural communities.

Accountability Arrangements

Funds are transferred on the basis of a "Transfer Agreement" contract between the Department and the receiving institution. The transfer agreement process is lengthy and time consuming, but the final outcome ensures the effective and sustainable delivery of infrastructure in accordance with the required accountability aspects of the Public Finance Management Act. This process includes (and not limited to) the following accountability aspects of project implementation:

- An approved feasibility and business plan;
- Council resolution that the infrastructure and/or monies will be transferred for sustainable water and sanitation development in rural communities;
- An effective work plan that constitutes:
 - a feasible implementation plan; and
 - a feasible operations plan;
- A clear time schedule detailing when funds will be spent and infrastructure will be delivered; and
- Sustainability, revenue and longevity processes.

Irrigation Boards

Koekedow - A subsidy was paid to the irrigation board for the capital cost of the emerging farmers.

Great Fish River - The Land Bank had called up the Government Guarantee on the Great Fish River WUAs loans and the Department had to pay the loan instalments.

Komati River - A subsidy was paid to the water user associations for the capital cost of the emerging farmers.

Accountability Arrangements

A certificate in terms of section 38(1)(j) of the Public Finance Management Act was obtained from the relevant board prior to the payment.

Water Boards

Umgeni Water Board

As a response to drought during 1983, Umgeni provided standpipe connections to communities along the main bulk supply lines from Durban to Pietermaritzburg. The project was funded by way of long-term loans and the capital expenditure incurred was R457 million.

As a result of Umgeni's initiative prior to 1994, a substantial number of rural and peri-urban people received access to clean and safe water and these, undoubtedly, contributed to the reduction of water-borne diseases in the region. The responsibility of providing water services lies with the local government, as per the Constitution (1996). For this reason, all these water services schemes constructed by Umgeni are to be transferred to the concerned municipalities in KwaZulu-Natal. However, the substantial financial burden by way of capital loans raised by Umgeni Water to fund the rural schemes, makes it difficult, if not impossible, for some of the intended recipient municipalities. This

puts a heavy burden on the KwaZulu-Natal local government structures and they will have to inherit the loans - unlike the others in the country whose schemes were built with capital grants from the Department of Water Affairs and Forestry.

Due to socio economic problems in the area where these schemes have been constructed, Umgeni could not generate the amount of revenue they anticipated. The operation and maintenance of these schemes as well as the repayment of loans raised had to be funded from this revenue. As a result, for the past two years Umgeni has been in very serious financial difficulties. They therefore approached the Department for assistance in repaying the outstanding loan. The Department offered to assist them with only R120 million, of which R60 million was paid during 2002/03. The other R60 million will be paid during the current financial year subject to agreement with the relevant municipalities.

Bushbuckridge Water Board and Ikangala Water Board

The transfer payments were "seed funds" required to start up the Ikangala and Bushbuckridge Water Boards. These amounts were based on requirements that were submitted to and approved by the department.

Accountability Arrangements

The Water Boards submit financial breakdown of requirements to the Department according to their needs. The requirements are scrutinized by the Department and approval of transfer payments is granted by the Minister. Expenditure is audited by the Department and the Auditor-General and a report is submitted to National Treasury.

Trading Accounts

Both trading accounts, namely, the Water Trading Account and the Equipment

Trading Account are operating within the Department and any losses must be made good from the Exchequer.

7. Public/private partnerships (PPP)

None.

8. Corporate governance arrangements

- Risk management approach

The risk assessment process was undertaken where all risks facing the Department were identified. This was achieved by holding workshops within the Department. Risk database profiles were developed and these will be updated annually. The respective branch managers have the responsibility to manage the risk areas relevant to their areas of work. With regard to the regular updating of risk assessment process, Internal Audit will facilitate the process.

- Fraud prevention policy

Fraud prevention policy which is a key element for the effective and efficient internal control systems has been developed and was approved by the management committee and submitted to National Treasury.

- Effectiveness of internal audit and audit committee

The Directorate: Internal Audit conducts its activities in accordance with the standards as laid down by the Institute of Internal Auditors of South Africa. It provides assurance to management that internal controls are effective and that the identified risks are properly managed.

The Audit Committee is functioning effectively under the leadership of a person from outside the public service. Members of the Audit Committee were appointed in terms of the PFMA and they are discharging their duties in terms of the developed terms of reference.

- Other governance structures

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

- Implementation of a code of conduct

The code of conduct has been developed and is implemented throughout the Department to promote transparency and accountability.

- Safety, health and environment issues

The Department is complying with the applicable legislation pertaining to safety, health and environmental issues, and all the risks that have relevance on safety, health and environment have been identified and are being managed.

9. Discontinued activities/activities to be discontinued

None.

10. New/proposed activities

None.

11. Events after the accounting date

None.

12. Progress with financial management improvements

Regular reporting and monitoring of the financial position of the Department is done through monthly Early Warning reports and Quarterly reports submitted to National Treasury through the Executive Authority.

Training has been offered to officials in preparation for relocating from the Financial Management System (FMS) to Basic Accounting System (BAS).

The Department also developed Departmental Financial Rules to supplement the Public Finance Management Act and Treasury Regulations.

Financial inspectors are doing inspections at the various offices to determine if people are following the rules. These inspectors were also trained to train other staff to use BAS.

13. Performance information

In the printed estimates for the 2002/03 financial year the key outputs, indicators and targets were indicated. All programme managers are responsible to verify this information and there is no process in place or arrangements being made to have the information verified by an external party.

Approval

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



A.M. Muller

DIRECTOR-GENERAL

Pretoria
16/07/2003

**REPORT OF THE AUDITOR-GENERAL
TO MEMBERS OF PARLIAMENT ON THE FINANCIAL
STATEMENTS OF VOTE 33 – DEPARTMENT OF WATER
AFFAIRS AND FORESTRY
FOR THE YEAR ENDED 31 MARCH 2003**



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 86 to 144, for the year ended 31 March 2003, 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, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. These standards require that the audit is 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.

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 the attention and are appli-

cable to financial matters.

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

3. QUALIFICATION

3.1 Separate records for the vote and trading entities

As previously reported complete and proper records of the financial affairs of the trading entities had not been maintained separately from those of the vote due to accounting structures maintained in the Department over a number of years. Consequently, a number of transactions, balances and information that should have been reflected in the financial statements of these trading entities, were included in the financial statements of the vote.

The transactions and balances that are inclusive of those of the trading entities are as follows:

- Suspense accounts
 - Receivables – current:
R214,3 million (Note 15).
 - Payables – current:
R228,3 million (Note 21).
- Inventories on hand at year-end –
R35,2 million (Note 5)
- Employee benefits –
R416,5 million (note 30).

The Department could not identify the portion of these amounts that relate to the various trading accounts.

In addition, separate inventory and accounting records were not kept for

equipment items purchased for either the vote or the Water Trading Account.

As previously reported the Department during the financial year under review shared a bank account and warrant voucher series with the Water Trading Account, the Equipment Trading Account and the National Forest Recreation and Access Trust. However, separate bank accounts were established, accounting records separated and on 1 April 2003 the department started to implement the Basic Accounting System (BAS) which will further address this matter.

3.2 Inventories on hand at year-end

Inventories on hand at year-end, valued at approximately R35,2 million as disclosed in note 5 to the financial statements, did not include information of regional offices in the Free State and Mpumalanga.

The inventory in respect of the Limpopo region was valued at a date earlier than 31 March 2003.

Accordingly, I cannot conclude on the accuracy and completeness of the inventories disclosed in the financial statements.

3.3 Recovery of state loans from water boards, irrigation boards, municipalities and the Land and Agricultural Development Bank

The Department administers state loans to various entities. The total outstanding capital and interest of R262,6 million as at 31 March 2003 includes payments in arrear amounting to R2,1 million which have been identified as potentially irrecoverable.

In addition, transfer payments totaling R24,8 million were made during 2000/2001, 2001/2002 and 2002/2003 to the Land and Agricultural Development Bank in respect of guarantees provided on behalf of two water user associations. Although, the Department intends to recover the amounts from the user associ-

ations, recoverability of these amounts is uncertain. The Department has indicated that formal agreements have not been entered into with the user associations because negotiations between the department, associations, National Treasury and the Land and Agricultural Development Bank have not been completed.

4. ADVERSE AUDIT OPINION

In my opinion, because of the effect on the financial statements of the matters referred to in paragraph 3, the financial statements do not fairly present, in all material respects, the financial position of the Department at 31 March 2003 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

5. EMPHASIS OF MATTER

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

5.1 Submission of financial statements and supporting information

The financial statements were submitted for audit purposes on 30 May 2003 as required by section 40 (1)(c)(i) of the Public Finance Management Act, 1999 (Act No. 1 of 1999). However, these financial statements required material changes in order to be acceptable for audit purposes and were returned to the accounting officer to effect those changes. The corrected financial statements were signed by the accounting officer on 16 July 2003 and resubmitted for audit purposes on 17 July 2003. The resubmission date was recognised as the submission date. This is considered to be a late submission and constitutes non-compliance with the requirements of the PFMA.

5.2 Incorrect disclosure on financial statements

The amount of R6,59 million disclosed as performance bonus in note 30 to the finan-

cial statements represents actual expenditure for the financial year under review and not employee benefits accrued and not paid. During the audit the Department could not submit the required information to be disclosed in the financial statements.

5.3 Inadequate control over clearing and suspense accounts

Controls over many of the clearing and suspense accounts were still lacking and led to deficiencies in the following areas:

- Suspense accounts disclosed under note 15 (Receivables), include amounts in excess of R1,35 million for which approval to write off the amount is currently being obtained; and
- R1,65 million of debts written-off should have been recovered from the individual's pension and/or final salary payments through the controls and administrative processes of the department.

5.4 Reliance on internal auditors

During the year under review only limited reliance could be placed on internal audit's work due to the differing focus areas.

5.5 Other internal control weaknesses

During the audit, a number of shortcomings in the internal control system were highlighted and brought to the attention of the accounting officer. These included:

- Document management did not function effectively, and thus information was not always readily available and could not be submitted timeously.
- Effective controls were lacking regarding payments to a fleet management contractor. Thus, leading to the Department in

many cases relying on information furnished by the supplier.

- Updated asset registers in respect of movable assets not being in place at most locations.
- Donor funding –
 - Evidence could not be submitted that payments to an implementing agent were verified against an approved business and/or project plan.
 - It was not evident that the Department ensured that all implementing agents complied with the departments general conditions for procurement.
 - The departmental user manual in respect of procurement does not provide adequate guidance to staff in respect of payments to implementing agents.
 - Contrary to the terms of some donor agreements, some payments in respect of donor fund projects, included value added tax.

6. APPRECIATION

The assistance rendered by the staff of the Department during the audit is sincerely appreciated.

Shaubet Fakie

S A Fakie
Auditor-General

Pretoria
29/07/2003

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2003

The financial statements have been prepared in accordance with the policies below, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National / Provincial Expenditure. Unspent voted funds are surrendered to the National/Provincial Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no

accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National/Provincial Revenue Fund.

3. Donor aid

Donor Aid is recognised in the income statement in accordance with the cash basis.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or

- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined.

6. Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets (fixed assets and movable assets) acquired are expensed i.e. written off in the income statement when the payment is made.

8. Investments

Marketable securities are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

Increases in the carrying amount of mar-

ketable securities classified as non-current assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged to the income statement. Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement. On disposal of a marketable security classified as a non-current asset, amounts in revaluation and other reserves relating to that marketable security, are transferred to retained earnings.

9 Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

Receivables

Receivables are normally recognised under the cash basis of accounting. However, receivables included in the bal-

ance sheet arise from cash payments that have been recovered from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to either the Provincial/National Revenue Fund or another party.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, or an invoice has been received but uncaptured at year end. These amounts are not recognised in the balance

sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed.

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The Department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

Medical benefits

The Department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are

expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

17 Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. Repayments are transferred to the Revenue Fund as and when the repayment is received.

18 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003

Programme 1								
	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
1 Administration								
Current	215 660	2 963	218 623	219 422	(799)	100	200 831	196 552
Capital	10 257	510	10 767	9 765	1 002	91	10 587	14 822
2 Water Resource Assessment								
Current	84 779	(6 440)	78 339	74 193	4 146	95	78 278	77 656
Capital	7 953		7 953	7 718	235	97	5 905	6 275
3 Water Resource Planning								
Current	38 169	(2 480)	35 689	35 532	157	100	26 352	10 638
Capital	14 222	(1 620)	12 602	6 870	5 732	55	31 008	39 596
4 Water Resource Development								
Current	2 066		2 066	1 536	530	74	2 175	1 463
Capital	244 251	2 200	246 451	246 405	46	100	361 026	357 693
5 Regional Implementation								
Current	1 553 793	9 872	1 563 665	1 485 433	78 230	95	1 246 032	1 189 577
Capital	1 027 365	(22)	1 027 343	1 048 649	(21 305)	102	979 631	1 006 009
6 Integrated Water Resource Planning								
Current	63 739	(6 085)	57 654	51 520	6 134	89	50 123	51 871
Capital	29 583		29 583	27 540	2 043	93	31 004	22 768
7 Water Services								
Current	68 939	(5 062)	63 877	58 862	5 015	92	71 432	54 632
Capital	781	150	931	201	730	22	1 934	12 869
8 Forestry								
Current	394 516	2 327	396 843	397 805	(962)	100	418 624	430 319
Capital	6 618		6 618	5 486	1 132	83	3 499	4 146
Special Function								
Current		3 687	3 687	3 687				6,169
Total	3 762 691		3 762 691	3 680 625	82 066	98	3 518 441	3 483 055

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	2 399 196	(847)	2 398 349	2 327 991	70 358	97	2 029 759	2 018 862
Personnel	594 104	(12 568)	581 536	573 846	7 690	99	357 205	358 805
Transfer payments	1 142 261		1 142 261	1 099 456	42 805	96	1 279 500	1 294 652
Other	662 831	11 721	674 552	654 689	19 863	97	393 054	365 405
Capital	1 363 495	847	1 364 342	1 352 634	11 708	99	1 488 682	1 464 193
Transfer payments	27 876	227 000	254 876	246 564	8 312	97	366 806	320 519
Acquisition of capital assets	1 335 619	(226 153)	1 109 466	1 106 070	3 396	100	1 121 876	1 143 674
Total	3 762 691		3 762 691	3 680 625	82 066	98	3 518 441	3 483 055

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	666 868	(3 587)	663 281	661 884	1 397	100	447 611	437 056
Administrative	162 744	5 660	168 404	209 386	(40 982)	124	122 014	136 635
Inventories	92 253	1 313	93 566	113 898	(20 332)	122	65 050	100 573
Equipment	63 659	1 208	64 867	64 288	579	99	58 703	71 845
Land and buildings	6 943		6 943	3 426	3 517	49	3 192	3 087
Professional and special services	1 599 307	(235 282)	1 364 025	1 276 809	87 216	94	1 175 310	1 111 806
Transfer payments	1 170 137	227 000	1 397 137	1 346 020	51 118	96	1 646,306	1 615 171
Miscellaneous	780	1	781	1 227	(447)	157	255	713
Special functions		3 687	3 687	3 687		100		6 169
Total	3 762 691		3 762 691	3 680 625	82,066	98	3 518 441	3 483 055

Programme 1								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
1.1 Minister								
Current	654		654	809	(155)	124	605	717
Capital								
1.2 Management								
Current	12 380	2 198	14 578	14 066	512	96	12 117	9 115
Capital	156		156	182	(26)	117	156	311
1.3 Corporate Services								
Current	147 514	739	148 253	148 866	(613)	100	133 610	132 212
Capital	6 232	510	6 742	6 827	(85)	101	6 055	8 278
1.4 Information Services								
Current	55 112	26	55 138	55 681	(543)	101	54 499	54 509
Capital	3 869		3 869	2 756	1 113	71	4 376	6 233
Total	225 917	3 473	229 390	229 187	203	100	211 418	211 374

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	215 660	2 963	218 623	219 422	(799)	100	200 831	196 552
Personnel	96 194	2 386	98 580	101 767	(3 187)	103	94 034	84 672
Transfer payments								
Other	119 466	577	120 043	117 655	2 388		106 797	111 880
Capital	10 257	510	10 767	9 765	1 002	91	10 587	14 822
Transfer payments								
Acquisition of capital assets	10 257	510	10 767	9 765	1 002	91	10 587	14 822
Total	225 917	3 473	229 390	229 187	203	100	211 418	211 374

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	96 194	2 386	98 580	101 783	(3 203)	103	94 034	84 672
Administration	33 259	305	33 564	31 540	2 024	94	33 286	25 657
Inventories	4 940	213	5 153	8 713	(3 560)	169	4 551	7 837
Equipment	10 257	510	10 767	9 765	1 002	91	10 587	14 822
Land and buildings	2 500		2 500	790	1 710	32		1
Professional and special services	77 987	59	78 046	75 920	2 126	97	68 705	77 840
Transfer payments								
Miscellaneous	780		780	676	104	87	255	545
Special functions								
Total	225 917	3 473	229 390	229 187	203	100	211 418	211 374

Programme 2								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
2.1 Management								
Current	1 597		1 597	1 565	32	98	17 120	19 225
Capital	30		30	127	(97)	423	75	532
2.2 Hydrology								
Current	19 722	(2 270)	17 452	16 952	500	97	20 007	17 223
Capital	1 255		1 255	1 319	(64)	105	707	560
2.3 Geohydrology								
Current	12 800		12 800	13 287	(487)	104	11 889	10 220
Capital	2 329		2 329	1 767	562	76	2 078	1 425
2.4 Water Quality Services								
Current	18 124		18 124	17 756	368	98	15 396	16 737
Capital	2 842		2 842	2 850	(8)	100	1 400	2 026
2.5 Geomatics								
Current	11 768		11 768	11 741	27	100	11 041	10 871
Capital	1 300		1 300	1 197	103	92	1 523	1 661
2.6 Social and Ecological Studies								
Current	6 070	(773)	5 297	4 622	675	87	2 825	3 380
Capital	122		122	13	109	11	122	71
2.7 Resource Information Management								
Current	14 698	(3 397)	11 301	8 271	3 030	73		77 655
Capital	75		75	444	(369)	592		6 275
Total	92 732	(6 440)	86 292	81 911	4 381	95	84 183	83 930

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	84 779	(6 440)	78 339	74 193	4 146	95	78 278	77 655
Personnel	43 299		43 299	39 594	3 705	91	40 909	36 417
Transfer payments								
Other	41 480	(6 440)	35 040	34 599	441	99	37 369	41 238
Capital	7 953		7 953	7 718	235	97	5 905	6 275
Transfer payments								
Acquisition of capital assets	7 953		7 953	7 718	235	97	5 905	6 275
Total	92 732	(6 440)	86 292	81 911	4 381	95	84 183	83 930

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	43 299	(2 500)	40 799	39 594	1 205	97	40 909	36 417
Administration	7 917		7 917	8 504	(587)	107	6 024	6 251
Inventories	2 981		2 981	2 827	154	95	2 101	2 112
Equipment	7 953		7 953	7 718	235	97	5 905	6 275
Land and buildings								
Professional and special services	30 582	(3 940)	26 642	23 268	3 374	87	29 244	32 875
Transfer payments								
Miscellaneous								
Special functions								
Total	92 732	(6 440)	86 292	81 911	4 381	95	84 183	83 930

Programme 3								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
3.1 Management								
Current	1 296		1 296	793	503	61	633	721
Capital	20		20	33	(13)	165	12	8
3.2 Strategic Planning								
Current	15 419	(480)	14 939	14 481	458	97	25 719	9 917
Capital	152	480	632	84	548	13	152	13,197
3.3 National Water Resource Planning								
Current	21 454	(2 000)	19 454	20 257	(803)	104		
Capital	102		102	120	(18)	118		
3.4 Planning of Water Resources								
Current				6,304	(6,304)			
Capital	13 948	(2 100)	11 848	330	11 518	3	30 844	26 391
Total	52 391	(4 100)	48 291	42 402	5 889	88	57 360	50 234

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	15 807	(2 480)	13 327	35 532	(22 205)	267	11 852	10 623
Personnel	3 956		3 956	6 359	(2 403)	161	3 155	2 457
Transfer payments				499	(499)			
Other	11 851	(2 480)	9 371	28 674	(19 303)	306	8 697	8 166
Capital	36 584	(1 620)	34 964	6 870	28 094	20	45 508	39 611
Transfer payments	908		908		908		14,500	13,176
Acquisition of capital assets	35 676	(1 620)	34 056	6 870	27 186	20	31 008	26 435
Total	52 391	(4 100)	48 291	42 402	5 889	88	57 360	50 234

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	10 452		10 452	8 781	1 671	84	6 829	7 483
Administration	1 609		1 609	1 745	(136)	108	1 434	1 156
Inventories	276		276	194	82	70	256	150
Equipment	376	480	856	330	526	39	368	584
Land and buildings								
Professional and special services	38 770	(4 580)	34 190	30 853	3 337	90	33 973	27 685
Transfer payments	908		908	499	409	55	14 500	13 176
Miscellaneous								
Special functions								
Total	52 391	(4 100)	48 291	42 402	5 889	88	57 360	50 234

Programme 4								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
4.1 Management								
Current				930	(930)			
Capital	651		651	40	611	6	1 074	720
4.2 Construction of Projects								
Current	1		1	1				
Capital	191 321	2 200	193 521	193 954	(433)	100	213 848	214 568
4.3 Civil Design								
Current								
Capital	22 000		22 000	23 241	(1 241)	106	22 359	20 010
4.4 Mechanical/Electrical Engineering								
Current								
Capital	22 271		22 271	19 979	2 292	90	19 912	20 359
4.5 Dam Safety Control								
Current	2 013		2 013	1 505	508	75	2 150	1 450
Capital	90		90	112	(22)	124	60	39
4.6 Welfare and Recreation								
Current	52		52	30	22	58	25	6
Capital				11	(11)		27	20
4.7 Capital Augmentation								
Current								
Capital	2 500		2 500	2 500		100	2 500	2 500
4.8 International Projects								
Current								13
Capital	5 418		5 418	5 638	(220)	104	101 246	99 472
Total	246 317	2 200	248 517	247 941	576	100	363 201	359 157

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	10 358	(8 292)	2 066	1 536	530	74	2 176	1 463
Personnel	6 515	(5 117)	1 398	1 274	124	91	1 563	1 202
Transfer payments								
Other	3 843	(3 175)	668	262	406	39	613	261
Capital	235 959	10 492	246 451	246 405	46	100	361 025	357 693
Transfer payments	2 700		2 700	2 500	200	93	102 153	99 328
Acquisition of capital assets	233 259	10 492	243 751	243 905	(154)	100	358 872	258 365
Total	246 317	2 200	248 517	247 941	576	100	363 201	359 157

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	72 397		72 397	79 701	(7 304)	110	81 322	73 222
Administration	15 180	1 100	16 280	18 612	(2 332)	114	10 596	14 340
Inventories	52 889	1 100	53 989	54 163	(174)	100	35 044	57 688
Equipment	24 249		24 249	19 658	4 591	81	23 284	26 170
Land and buildings	846		846	744	102	88	2 684	1 712
Professional and special services	78 056		78 056	72 562	5 494	93	108 118	86 596
Transfer payments	2 700		2 700	2 500	200	93	102 153	99 328
Miscellaneous				1	(1)			100
Special functions								
Total	246 317	2 200	248 517	247 941	576	100	363 201	359 157

Programme 5								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
5.1 Management								
Current	266 969	(348)	266 621	212 870	53 751	80	54 433	57 790
Capital	1 734		1 734	2 753	(1 019)	159	1 879	2 313
5.2 Regional Co-ordination								
Current	4 813	1 463	6 276	3 517	2 759	56	4 777	2 560
Capital	220		220	285	(65)	130	66	119
5.3 Survey Services								
Current	12 059	292	12 351	10 858	1 493	88	11 511	9 905
Capital	1 420		1 420	1 659	(239)	117	2 096	1 673
5.4 Hydrometry								
Current	63 225	(183)	63 042	59 313	3 729	94	46 303	60 499
Capital	4 109		4 109	7 540	(3 431)	183	30 040	30 653
5.5 Water drilling Services								
Current								
Capital	18 625	(22)	18 603	18 467	136	99	20 810	18 802
5.6 Geotechnical Drilling Services								
Current	5 684	(9)	5 675	5 240	435	92	6 201	5 061
Capital	448		448	844	(396)	188	513	507
5.7 Geotechnical Services								
Current	20 108	8 290	28 398	23 682	4 716	83	11 295	10 750
Capital	1 029		1 029	925	104	90	1 582	1 435
5.8 Advisory Services								
Current	4 780	58	4 838	5 059	(221)	105	4 747	2 905
Capital	110		110	823	(713)	748	180	190
5.9 Regional Water Services Planning								
Current	27 422	383	27 805	23 005	4 800	83	50 769	19 160
Capital	257		257	468	(211)	182	296	582
5.10 Implementation of Water Services Project								
Current				33 261	(33 261)			
Capital	999 099		999 099	1 014 784	(15 685)	102	921 753	949 462
5.11 Sustainable Development and Management								
Current	15 826	(74)	15 752	14 443	1 309	92	12 007	12 467
Capital	314		314	100	214	32	416	274
5.12 Operation of Water Resources								
Current	1 132 907		1 132 907	1 094 186	38 721	97	1 043 989	1 008 480
Capital								
Total	2 581 158	9 850	2 591 008	2 534 082	56 926	98	2 225 663	2 195 585

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	1 545 130	18 535	1 563 665	1 485 433	78 232	95	1 270 342	1 189 577
Personnel	135 859	(6 364)	129 495	119 399	10 096	92	96 910	100 574
Transfer payments	1 132 907		1 132 907	1 094 186	38 721	97	1 043 989	1 008 480
Other	276 364	24 899	301 263	271 848	29 415	90	129 443	80 523
Capital	1 036 028	(8 685)	1 027 343	1 048 649	(21 306)	102	955 321	1 006 009
Transfer payments		227 000	227 000	226 491	509	100		175 421
Acquisition of capital assets	1 036 028	(235 685)	800 343	822 158	(21 815)	103	955 321	830 588
Total	2 581 158	9 850	2 591 008	2 534 082	56 926	98	2 225 663	2 195 585

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	136 245		136 245	125 600	10 645	92	105 172	101 779
Administration	48 408		48 408	75 277	(26 869)	156	41 463	60 025
Inventories	9 781		9 781	28 454	(18 673)	291	12 152	24 797
Equipment	12 378		12 378	20 013	(7 635)	162	15 572	17 806
Land and buildings	358		358	758	(400)	212	508	331
Professional and special services	1 241 081	(217 151)	1 023 930	962 838	61 092	94	1 006 807	806 899
Transfer payments	1 132 907	227 000	1 359 907	1 320 676	39 231	97	1 043 989	1 183 901
Miscellaneous		1	1	466	(465)			48
Special functions								
Total	2 581 158	9 850	2 591 008	2 534 082	56 926	98	2 225 663	2 195 585

Programme 6								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
6.1 Management								
Current	598		598	422	176	71	688	632
Capital	80		80	60	20	75	12	
6.2 Water Quality Management								
Current	18 811	(3 085)	15 726	12 353	3 373	79	11 752	16 297
Capital	4 400		4 400	9 194	(4 794)	209	8 892	338
6.2 Catchment Management								
Current	5 856	(150)	5 706	3 987	1 719	70	4 607	3 736
Capital	150		150	17	133	11	150	133
6.4 Working for Water								
Current	11 401	(500)	10 901	11 177	(276)	103	9 534	11 483
Capital	249		249	477	(228)	192	249	621
6.5 Water Utilisation								
Current	13 515	(1 000)	12 515	10 363	2 152	83	14 053	14 270
Capital	24 627		24 627	17 723	6 904	72	21 624	21 586
6.6 Water Conservation								
Current	13 558	(1 350)	12 208	13 218	(1 010)	108	9 489	5 453
Capital	77		77	69	8	90	77	90
Total	93 322	(6 085)	87 237	79 060	8 177	91	81 127	74 639

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	63,807	(6,085)	57,722	51,520	6,202	89	50,123	51,871
Personnel	20,683	(1,500)	19,183	17,779	1,404	93	18,315	18,057
Transfer payments								
Other	43,124	(4,585)	38,539	33,741	4,798	88	31,808	33,814
Capital	29,515		29,515	27,540	1,975	93	31,004	22,768
Transfer payments	24,468		24,468	17,573	6,895	72	21,468	21,468
Acquisition of capital assets	5,047		5,047	9,967	(4,920)	197	9,536	1,300
Total	93,322	(6,085)	87,237	79,060	8,177	91	81,127	74,639

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	20,683	(1,500)	19,183	18,764	419	98	19,958	18,057
Administration	5,620	(45)	5,575	6,751	(1,176)	121	5,445	5,100
Inventories	1,290		1,290	1,642	(352)	127	1,218	1,240
Equipment	1,047	68	1,115	1,117	(2)	100	893	1,300
Land and buildings	350		350	623	(273)	178		282
Professional and special services	39,864	(4,608)	35,256	32,589	2,667	92	32,145	27,191
Transfer payments	24,468		24,468	17,573	6,895	72	21,468	21,468
Miscellaneous				1	(1)			
Special functions								
Total	93,322	(6,085)	87,237	79,060	8,177	91	81,127	74,639

Programme 7								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
7.1 Management								
Current	13 894	(4 912)	8 982	3 679	5 303	41	10 734	3 369
Capital	150		150		150			
7.2 Macro Planning and Information Systems								
Current	18 929		18 929	17 839	1 090	94	20 781	17 294
Capital	346		346	125	221	36	446	401
7.3 Intervention and Operations Support								
Current	8 751	(150)	8 601	7 841	760	91	11 174	8 838
Capital	120	150	270	7	263	3	120	154
7.4 Local Institutional Development Support								
Current	14 736		14 736	17 095	(2 359)	116	15 336	16 610
Capital	12		12	4	8	33	1 215	6 005
7.5 Project Development Support								
Current	11 226		11 226	11 228	(2)	100	11 326	6 991
Capital	93		93	57	36	61	93	6 270
7.6 Policy Co-ordination and Communication								
Current	1 403		1 403	1 180	223	84	2 081	1 530
Capital	60		60	8	52	13	60	39
Total	69 720	(4 912)	64 808	59 063	5 745	91	73 366	67 500

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	68 939	(5 062)	63 877	58 862	5 015	92	71 432	54 632
Personnel	11 574		11 574	11 595	(21)	100	11 629	10 688
Transfer payments	9 153		9 153	4 771	4 382	52	4 000	2 484
Other	48 212	(5 062)	43 150	42 496	654	98	55 803	41 460
Capital	781	150	931	201	730	22		12,869
Transfer payments							1 934	12 127
Acquisition of capital assets	781	150	931	201	730	22	1,934	742
Total	69 720	(4 912)	64 808	59 063	5 745	91	73 366	67 500

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	11 574		11 574	11 595	(21)	100	11 629	10 688
Administration	3 777		3 777	3 721	56	99	3 591	3 464
Inventories	369		369	735	(366)	199	369	674
Equipment	781	150	931	201	730	22	1 934	742
Land and buildings								
Professional and special services	44 066	(5 062)	39 004	38 040	964	98	51 843	37 322
Transfer payments	9 153		9 153	4 771	4 382	52	4 000	14 611
Miscellaneous								
Special functions								
Total	69 720	(4 912)	64 808	59 063	5 745	91	73 366	67 500

Programme 8								
Programme per sub programme	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
8.1 Management								
Current	650		650	305	345	47	671	734
Capital								31
8.2 Forestry Policy								
Current	9 735		9 735	13 073	(3 338)	134	12 588	7 866
Capital	232		232	133	99	57	232	177
8.3 Indigenous Forest Management								
Current	59 990	3 495	63 485	56 861	6 624	90	61 083	45 188
Capital	3 225		3 225	1 903	1 322	59	1 917	3 274
8.4 Community Forestry								
Current	75 192	805	75 997	90 254	(14 257)	119	77 465	93 707
Capital	675		675	723	(48)	107	1 000	664
8.5 Industrial Plantations								
Current	244 361	(1 973)	242 388	234 447	7 941	97	266 817	282 824
Capital	2 070		2 070	2 597	(527)	125	350	
8.6 Forestry Regulations								
Current	4 588		4 588	2 865	1 723	62		430 322
Capital	416		416	130	286	31		4 146
Total	401 134	2 327	403 461	403 291	170	100	422 123	434 467

Economic classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Current	394 516	2 327	396 843	397 805	(962)	100	418 624	430 321
Personnel	276 024	(1 973)	274 051	276 066	(2 015)	101	90 377	104 738
Transfer payments	1		1		1		259 617	282 688
Other	118 491	4 300	122 791	121 739	1 052	99	68 630	42 895
Capital	6 618		6 618	5 486	1 132	83	3 499	4 146
Transfer payments								
Acquisition of capital assets	6 618		6 618	5 486	1 132	83	3 499	4 146
Total	401 134	2 327	403 461	403 291	170	100	422 123	434 467

Standard item classification	2002/03						2001/02	
	"Adjusted Appropriation" R'000	Virement R'000	"Revised Allocation" R'000	"Actual Expenditure" R'000	"Savings (Excess)" R'000	Expenditure as % of revised allocation	"Revised Allocation" R'000	"Actual Expenditure" R'000
Personnel	276 024	(1 973)	274 051	276 066	(2 015)	101	90 377	104 738
Administration	46 974	4 300	51 274	63 236	(11 962)	123	17 119	20 642
Inventories	19 727		19 727	17 170	2 557	87	9 561	6 076
Equipment	6 618		6 618	5 486	1 132	83	3 499	4 146
Land and buildings	2 889		2 889	511	2 378	18		761
Professional and special services	48 901		48 901	40 739	8 162	83	41 950	15 396
Transfer payments	1		1		1		259 617	282 688
Miscellaneous				83	(83)			19
Special functions								
Total	401 134	2 327	403 461	403 291	170	100	422 123	434 467

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1 Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 9 (Transfer payments) to the annual financial statements.

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

Detail of these transactions can be viewed in note 1 (Charge to National Revenue Fund) to the annual financial statements.

3 Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 11 (Details of special functions) to the annual financial statements.

4 Explanations of material variances from Amount Voted (after virement):

Per programme:

Programme 1: Administration
Insignificant variance.

Programme 2: Water Resource Assessment
The under spending is mainly due to late appointment of consultants and invoices which were received late from suppliers.

Programme 3: Integrated Water Resource Planning
The underspending can mainly be ascribed to invoices which were received late from suppliers

Programme 4: Water Resource Development
Insignificant variance.

Programme 5: Regional Implementation
The underspending is due to more revenue collected than projected and this made the augmentation to Water Trading Account less.

Programme 6: Integrated Water Resource Management
The underspending can be mainly attributed to invoices which were received late from service providers.

Programme 7: Water Services
The under spending is mainly due to the extension of the sanitation contract and invoices which were received late from service providers.

Programme 8: Forestry
Insignificant variance.

Per standard item:

Personnel: The saving is due to the non filling of vacant posts.

Administrative: The overspending is due to the high costs of Imperial transport

Inventories: The overspending is as a result of invoices received late during the previous financial year and had to be paid during the current financial year

Equipment: The computer equipment for BAS were not delivered in time.

Land and Building: The underspending is due to the delay in the acquisition of land

Professional and Special Services: The underspending is due to the delay in the appointment of consultants

Transfer Payments: The underspending is due to more revenue collected than expected and this resulted in less augmentation to the Water Trading Account

Miscellaneous: The over spending is due to the increase in bank charges

5 Reconciliation of appropriation statement to income statement:

	2002/03 R'000	2001/02 R'000
Total expenditure per Appropriation Statement	3 680 624	3 483 055
Less: Investments acquired and capitalised during the current financial year - expensed for appropriation purposes	-	-
Add: Local and foreign aid assistance (including RDP funds)	309 371	253 280
Actual Expenditure per Income Statement	<u>3 989 995</u>	<u>3 736 335</u>

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE) FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
REVENUE			
Voted funds			
Charge to National Revenue Fund	1	3 762 691	3 518 441
		<u>3 762 691</u>	<u>3 518 441</u>
Non voted funds			
Other revenue to be surrendered to the revenue fund	2	378,455	354,831
Local and foreign aid assistance (incl. RDP funds)	3	89 342	58 710
		<u>289 113</u>	<u>296 121</u>
TOTAL REVENUE		<u>4 141 146</u>	<u>3 873 272</u>

EXPENDITURE		2002/03 R'000	2001/02 R'000
Current		2 334 928	2 027 856
Personnel	4	573 846	358 805
Administrative		186 221	116 633
Inventories	5	55 591	26 158
Land and buildings	7	2 497	1 542
Professional and special services	8	405 466	214 299
Transfer payments	9	1 099 456	1 294 652
Miscellaneous	10	1 226	604
Special functions: authorised losses	11	3 687	6 169
Local and foreign aid assistance (incl. RDP funds)	3	6 938	8 994
Capital		1 655 068	1 708 479
Personnel	4	88 037	78 251
Administrative		23 165	20 002
Inventories	5	58 307	74 415
Machinery and Equipment	6	64 287	71 845
Land and buildings	7	930	1 545
Professional and special services	8	871 344	897 507
Transfer payments	9	246 564	320 519
Miscellaneous	10	1	109
Local and foreign aid assistance (incl. RDP funds)	3	302 433	244 286
TOTAL EXPENDITURE		3 989 996	3 736 335
NET SURPLUS		151 150	136 937
Add back unauthorised, and fruitless and wasteful expenditure disallowed	12	-	12 345
NET SURPLUS FOR THE YEAR	13	151 150	149 282

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) FOR THE YEAR ENDED 31 MARCH 2003

ASSETS	Note	"2002/03 R'000"	"2001/02 R'000"
Current assets		340 911	222 855
Unauthorised, and fruitless and wasteful expenditure	12	14 889	14 889
Cash and cash equivalents	14	28 643	3 483
Receivables	15	194 206	135 189
Loans	16	29 514	24 258
Local and foreign aid assistance (including RDP funds) receivable from donors	3	73 659	45 036

		2002/03 R'000	2001/02 R'000
Non-current assets		363 633	366 089
Loans	16	233 084	240 397
Other financial assets	17	130 549	125 692
TOTAL ASSETS		704 544	588 944
LIABILITIES			
Current liabilities		441 380	319 049
Voted funds to be surrendered	18	82 066	47 731
Revenue funds to be surrendered	19	21 706	24 023
Bank overdraft	20	95 934	75 777
Payables	21	228 349	166 558
Local and foreign aid assistance (including RDP funds) repayable to donors	3	13 325	4 960
TOTAL LIABILITIES		441 380	319 049
EQUITY		263 164	269 895
Capitalisation reserve	16.2	242 547	264 655
Recoverable revenue		20 617	5 240
TOTAL EQUITY AND LIABILITIES		704 544	588 944

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 MARCH 2003

	Note	"2002/03 R'000"	"2001/02 R'000"
Capitalisation reserve			
Opening balance		264 655	273 959
Transfers		22 108	(9 304)
Closing balance	16	242 547	264 655
Recoverable revenue			
Opening balance		5 240	5 114
Net movement in balance	25	15 377	126
Closing balance		20 617	5 240
TOTAL EQUITY		263 164	269 895

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2003

	Note	"2002/03 R'000"	"2001/02 R'000"
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	24	1 807 482	1 843 191
Cash (utilised) to (increase) / decrease working capital	25	(6 757)	(15 407)
Voted funds and Revenue funds surrendered	26	(139 390)	(200 041)
Net cash flow available from operating activities		1 661 335	1 627 743
CASH FLOWS FROM INVESTING ACTIVITIES			
		(1 655 068)	(1 708 479)
Purchase of equipment	24	(64 287)	(71 845)
Purchase of land and buildings	24	(930)	(1 545)
Purchase of capital items	24	(1 589 851)	(1 635 089)
Net cash flows from operating and investing activities		6 267	(80 736)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(1 264)	2 225
Proceeds from loans	24	(8 431)	(3 281)
Repayment of borrowings or loans	24	7 167	5 506
Net increase/(decrease) in cash and cash equivalents		5 003	(78 511)
Cash and cash equivalents at beginning of period		(72 294)	6 217
Cash and cash equivalents at end of period	14	(67 291)	(72 294)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

1. Charge to National Revenue Fund

Included in the above are funds specifically and exclusively appropriated for National Departments (Voted funds)

Programmes	Total Appropriation 2002/03" R'000	Actual R'000	Variance over/(under) R'000	Total Appropriation 2001/02 R'000
Administration	229 390	229 187	(203)	211 418
Water Resource Assessment	86 292	81 911	(4 381)	84 183
Integrated Water Resource Planning	48 291	42 402	(5 889)	57 360
Water Resource Development	248 517	247 941	(576)	363 201
Regional Implementation	2 591 008	2 534 082	(56 926)	2 225 663
Integrated Water Resource Management	87 237	79 060	(8 177)	81 127
Water Services	64 808	59 064	(5 744)	73 366
Forestry	403 461	403 291	(170)	422 123
Theft and losses	3 687	3 687	-	-
TOTAL	3 762 691	3 680 625	(82 066)	3 518 441

Explanation of material variances including whether or not application will be made for a rollover.

Programme 1: Administration

Insignificant variance.

Programme 2: Water Resource Assessment

The under spending is mainly due to late appointment of consultants and invoices which were received late from suppliers.

Programme 3: Integrated Water Resource Planning

The underspending can mainly be ascribed to invoices which were received late from suppliers.

Programme 4: Water Resource Development

Insignificant variance.

Programme 5: Regional Implementation

The underspending is due to more revenue collected than projected and this made the augmentation to Water Trading Account.

Programme 6: Integrated Water Resource Management

The underspending can mainly be ascribed to invoices which were received late from service providers

Programme 7: Water Services

The under spending is mainly due to the extension of the sanitation contract and invoices which were received late from service providers.

Programme 8: Forestry

Insignificant variances.

An application had been made to roll over an amount of R72,634 million to 2003/04 financial year.

2. Other revenue to be surrendered to revenue fund

Description	2002/03 R'000	2001/02 R'000
Cheques written back	493	408
Interest received	24 953	24 976
Recoveries of housing rent	1 409	1 515
Refund on State loans	7 167	5 506
Subsidised transport	1 514	4 318
Repay of previous years' income	2 729	738
Administration fees: Insurance	1 969	2 023
Lease income on equipment	2 387	7 155
Forestry related products	36 485	3 743
Miscellaneous	10 236	8 328
	<u>89 342</u>	<u>58 710</u>

Gifts, donations and sponsorships received in kind excluding RDP funds by the Department (Total not included above)		"2002/03 R'000"	"2001/02 R'000"
Nature of gift, donation and sponsorship			
Sponsorship	US Department of State	-	12
T-shirts and caps	Total Garage	500	-
		<u>500</u>	<u>12</u>

3. Local and foreign aid assistance (including RDP)

Assistance received in cash	Opening Balance	Revenue	Expenditure		Closing Balance
			Current	Capital	
Local					
Umpumelelo Award	(120)	-	-	-	(120)
Hermanus municipality	(1 285)	-	-	1 285	-
Foreign					
Denmark	(2 303)	-	1 664	-	(639)
European Union	34 070	(243 485)	-	267 386	57 971
Finland	7 798	(1 028)	843	(8)	7 605
France	-	-	-	97	97
Ireland	-	(20 000)	-	10 564	(9 436)
Netherlands	(1 057)	(24 600)	-	22 723	(2 934)
Norway	182	-	4 431	-	4,613
Republic of China	(195)	-	-	-	(195)
United Kingdom	2 986	-	-	386	3 372
	<u>40 076</u>	<u>(289 113)</u>	<u>6 938</u>	<u>302 433</u>	<u>60 334</u>

Analysis of balance

Amounts owing by donors	73 659	45 036
Amounts owing to donors	(13 325)	(4 960)
	<u>60 334</u>	<u>40 076</u>

Assistance received in kind

Foreign aid assistance

China	-	105 000
Norway	-	19 000
Denmark (Danced)	-	15 570
Flemish Trust Fund Attendance of meetings and workshops	136 000	-
Unesco Attendance of meetings and workshops	109 600	-
	<u>245 600</u>	<u>139 570</u>

4. Personnel	2002/03	2001/02
Current expenditure	R'000	R'000
Basic salary costs	371 545	235 123
Pension contributions	59 735	33 401
Medical aid contributions	24 676	14 589
Other salary related costs	117 890	75 692
	<u>573 846</u>	<u>358 805</u>
Capital expenditure		
Basic salary costs	59,043	49,344
Pension contributions	7,216	7,336
Medical aid contributions	3,366	3,285
Other salary related costs	18 412	18 286
	<u>88 037</u>	<u>78 251</u>
Total Personnel Costs	<u>661 883</u>	<u>437 056</u>
Average number of employees	19 198	21 136
5. Inventories		
Current expenditure		
Inventories purchased during the year		
Stationary	10 515	6 886
Uniforms and protective clothing	3 701	1 447
Consumables	21 675	11 718
Printing	4 605	3 812
Other	15 095	2 295
	<u>55 591</u>	<u>26 158</u>
Capital expenditure		
Inventories purchased during the year		
Stationary	588	394
Uniforms and protective clothing	543	429
Consumables	56,801	67,974
Printing	72	471
Other	303	5,147
	<u>58 307</u>	<u>74 415</u>
Total cost of inventories	<u>113 898</u>	<u>100 573</u>

Inventories on hand at year end (for disclosure purposes only)	"Costing method used"	
Stores on hand	Average price	35 223
Equipment on hand (A-class accountable items)	per item type	183 355
		<u>218 577</u>
The value of inventories on hand disclosed is for all stores		
6. Machinery and Equipment	Note	
Capital	6.1	64 287 71 845
Total and capital expenditure		<u>64 287 71 845</u>
Capital machinery and equipment analysed as follows:		
Computer equipment		16 926 22 088
Furniture and office equipment		6 207 5 326
Other machinery and equipment		41 094 44 431
Transport		60 -
		<u>64 287 71 845</u>
7. Land and buildings	Note	
Current expenditure		
Rental		2 497 1 542
Total current expenditure		2 497 1 542
Capital expenditure	7.1	930 1 545
Total current and capital expenditure		<u>3 427 3 087</u>
Capital land and building expenditure analysed as follows:		
Land		694 1 456
Non-residential buildings		236 89
		<u>930 1 545</u>
8. Professional and special services		
Current expenditure		
Auditors' remuneration		4 213 3 261
Contractors		59 254 23 544
Consultants and advisory services		174 547 100 382
Computer services		59 523 62 931
Other		107 929 24 181
		<u>405 466 214 299</u>

		2002/03	2001/02
		R'000	R'000
Capital expenditure			
Contractors		86 592	273 143
Consultants and advisory services		225 933	619 450
Computer services		698	4 217
Other		558 121	697
		871 344	897 507
Total Professional and special services		1 276 810	1 111 806
9. Transfer payments	Note		
Conditional grants	Annexure 1B	166 490	274 749
Transfers to public entities and institutions	Annexure 1D	82 844	49 255
Other transfers	Annexure 1E	1 096 686	1 291 168
		1 346 020	1 615 172
Analysis of payments			
Capital		246 564	320 519
Current		1 099 456	1 294 652
		1 346 020	1 615 171
10. Miscellaneous			Current
10.1 Current Expenditure	Note		
Remissions, refunds and payments made as an act of grace	10.3	27	21
Bank costs		646	532
Interest and penalties		6	1
Other		547	50
		1 226	604
10.2 Capital Expenditure	Note		
Remissions, refunds and payments made as an act of grace	10.3	-	102
Interest and penalties		-	2
Other		1	5
		1	109
Total miscellaneous expenditure		1 227	713
10.3 Remissions, refunds and payments made as an act of grace. Nature of remissions, refunds and payments			
Compensation payments		-	103
Ex gratia payments		27	20
		27	123

Gifts, donations and sponsorships made in kind (items expensed in previous periods -Total value not included above)		2002/03	2001/02
Gifts to foreign officials	Various	10	8
		<u>10</u>	<u>8</u>

11. Special functions: Authorised losses

	Note		
Material losses through criminal conduct	11.1	77	302
Other material losses written off	11.2	917	108
Debts written off	11.4	2 693	5 759
		<u>3 687</u>	<u>6 169</u>

Material losses through criminal conduct

Nature of losses			
Warrant vouchers fraudulently cashed		77	302
		<u>77</u>	<u>302</u>

Other material losses written off in income statement in current period

	R'000	R'000
Nature of losses		
Vehicle accidents	59	108
Salary claims	36	-
Supplier disallowance	34	-
Dishonoured cheques	45	-
Other	743	-
	<u>917</u>	<u>108</u>

Other material losses of items expensed in previous periods (Total value not included above)

Nature of losses	Current expenditure	Capital expenditure		
Stolen laptops	-	-	-	21
Stolen cell phones	10	4	14	4
Stolen radios	1	-	1	3
Stolen vehicles	-	-	-	149
Stolen camera	-	-	-	1
Loss of tools	6	-	6	96
Theft of stove	-	-	-	2
Bicycle	1	-	1	-
Household	-	3	3	-
Diesel engine and generator	4	-	4	-
Calculators	1	-	1	-
	<u>23</u>	<u>7</u>	<u>30</u>	<u>276</u>

Debts written off	2002/03	2001/02
Nature of debts written off	R'000	R'000
Salary overpayments	2 523	5 560
Tax debt	41	68
Study debt	60	89
State guarantees	-	23
Other	1	1
Housing subsidy	-	2
Subsidised vehicles	59	8
Subsistence and transport	9	8
	<u>2 693</u>	<u>5 759</u>

12 Unauthorised and fruitless and wasteful expenditure disallowed

	Note		
Unauthorised expenditure	12.2	-	14 889
		<u>-</u>	<u>14 889</u>
Reconciliation of unauthorised expenditure balance			
Opening balance		14 889	2 544
Unauthorised expenditure current year		-	12 345
Closing balance		14 889	14 889

Unauthorised expenditure

Incident	Disciplinary steps taken/ criminal proceedings		
Overspending of Programme 8	Letter to Programme Manager to supply reasons for unauthorised expenditure	-	12 345
Tender procedures not followed	Not yet approved	-	2 544
		<u>-</u>	<u>14 889</u>

13 Analysis of surplus

	Note		
Voted funds to be surrendered to the National Revenue Fund	18	82 066	47 731
Non voted funds		69 084	101 551
Other revenue to be surrendered to the Revenue Fund		89 342	58 710
Local and foreign aid assistance (including RDP funds) recoverable		(20 258)	42 841
Total		<u>151 150</u>	<u>149 282</u>

		2002/03 R'000	2001/02 R'000
14. Cash and cash equivalents			
Paymaster General Account		(95 934)	(75 777)
Cash in transit		-	1 060
Cash on hand		154	82
Short term investments		28 489	2 341
		<u>(67 291)</u>	<u>(72 294)</u>
15. Receivables - current			
	Note		
Staff debtors	15.3	16 249	13 050
Other debtors	15.4	7 152	36 916
Advances	15.5	170 805	85 223
		<u>194 206</u>	<u>135 189</u>
15.1 Amounts of R11 823 822 (2002: R5 047 000) included above may not be recoverable, but has not been written off in the income statement.			
15.2 Age analysis – receivables current			
Less than one year		174 001	106 348
One to two years		9 059	9 444
More than two years		11 146	19 397
		<u>194 206</u>	<u>135 189</u>
15.3 Staff debtors			
Salary overpayments		6 558	5 103
Tax debt		115	131
Study debt		1 689	938
Subsidised vehicles		680	260
State guarantees		1 195	658
Other employee disallowance's		1 439	1 447
Subsistence and transport		2 626	2 760
GG Accidents		93	44
Subsidy overpayments		18	309
Misconduct		392	1 399
Telephone debt		60	1
Criminal act.		1 321	-
Losses		63	-
		<u>16 249</u>	<u>13 050</u>

		2002/03	2001/02
		R'000	R'000
15.4 Other debtors			
Supplier disallowance		479	12 280
Dishonoured cheques		2 116	1 956
Persal control accounts		2 184	6 628
Other disallowance: Cr. Objective		952	9 746
Debits recoverable: Dept. claims		1 262	1 665
Debits recoverable: Other		(540)	-
Warrant vouchers not punched		-	2 934
Vehicle accidents		697	724
Periodic payment control account		2	42
Equipment: Paid and not received		-	941
		<u>7 152</u>	<u>36 916</u>
15.5 Advances			
Nature of advances			
Water Trading Account: Mooi-Umgeni		56 262	15 217
VAT: Year-end transfers		106 307	62 677
Advances: Other departments		521	4 089
Advances: Implementing agents		133	133
Advances: Other institutions		4 031	3 107
Advances: Alien plants		2 800	-
Ash River: TCTA		746	-
Hand salaries paid		5	-
		<u>170 805</u>	<u>85 223</u>
16. Loans			
Granted to	Note		
Water Boards	16.1	211 196	243 514
Irrigation boards	16.1	21 374	20 664
Municipalities	16.1	30 028	477
		<u>262 598</u>	<u>264 655</u>
Less amount repayable within 12 months included in current assets		29 514	24 258
		<u>233 084</u>	<u>240 397</u>

16.1 Loans granted to Water Boards		2002/03 R'000	2001/02 R'000
Albanie Coast 2	Building of a stock drinking scheme	318	325
Bloem area	Purchase of the Caledon/Bloemfontein (Welbedacht Dam) Water Scheme	79 030	79 648
Kalahari East	Interest free government loan to create additional capacity in pipeline	3 554	3 554
Kalahari-West	Loan to construct a stock drinking scheme	12 837	12 836
Lepele N/W (Eben-Nezer)	Purchase of the Duiwelskloof Scheme 798	917	
Lepele N/W (Eben-Nezer)	Purchase of the Pietersburg Water Supply Scheme	23 170	23 227
Magalies	Purchase of the Wallmanstal and Temba purification works	6 050	6 050
Namakwa Water	Purchase of the Springbok Regional Water Supply Scheme	37	2 163
Namakwa - De Beers	Namakwa Water split into 3 different parties responsible for their own shares	2 215	2 237
Namakwa - Occ/Metorex	Namakwa Water split into 3 different parties responsible for their own shares	1 578	1 584
Namakwa - Private Consumers	Namakwa Water split into 3 different parties responsible for their own shares	4 082	4 093
Overberg Water	Purchase of the Duiwenhoks, Ruensveld East and Ruensveld West Schemes	33 824	35 013
Pinetown	Purchase of the Hammersdal Water Distribution Scheme	-	831
Sedibeng Water (Balkfontein)	Purchase of the Balkfontein and Sand River Government Water Schemes	6 865	7 459
Sedibeng Water (Sand River)	Purchase of the Balkfontein and Sand River Government Water Schemes	7 406	7 859
Thukela GDR	Purchase of a portion of the Ngagane Regional Water Supply Scheme	-	26 149
Umgeni 1	Purchase of Mooi Umgeni Pipeline Scheme	1 998	2 579
Umgeni 2	Purchase of Hammarsdale Sewage Scheme	6 571	6 552
West Coast Regional Board	Purchase of Berg River (Saldanha) and Berg River (Swartland)	-	6 438
Witriervallei	Purchase of Primkop Dam and Longmere Dam	812	844
Kalahari East	Guaranteed payments	20 051	13 156
		<u>211 196</u>	<u>243 514</u>

		2002/03 R'000	2001/02 R'000
Irrigation boards			
Haarlem	Dam and pipeline	8 081	8 228
Hexvallei	Purchase of the Sanddrift Government Water Scheme	6 170	6 494
Injambili	Pumpstation and pipeline	256	351
Witwatershoof	Purchase of Da Gama Dam	2 078	2 338
Great Fish River	Guaranteed payments	4 789	3 253
		<u>21 374</u>	<u>20 664</u>
Municipalities			
Ngwathe Heilbron	Purchase of the Heilbron pipeline	65	75
Oudtshoorn	Loan in respect of Municipal Dam	115	137
St. Helenabaai	Purchase of the Stompneus reservoir	240	265
Amajuba District Municipality	Purchase of a portion of the Ngagane	22 691	-
Regional Water Supply Scheme			
eThekweni	Purchase of the Hammersdale Water Distribution Scheme	787	-
West Coast District Municipality	Purchase of Berg River (Saldanha) and Berg River (Swartland)	6 130	-
		<u>30 028</u>	<u>477</u>

Water Boards

Albanie Coast. This represent a loan to Albanie Coast for the purpose of building of a stock drinking scheme. The loan is not secured. The interest rate is fixed at 15% per annum and is repayable by 31 December 2016 in annual instalments of R55 143,69 as from 31 December 1987 to 31 December 2016.

Bloem Area. This represents a loan to Bloem Area for the purpose of purchase of the Caledon/Bloemfontein (Welbedacht Dam) Water scheme. The loan is not secured. The interest rate is fixed at 13,5% per annum and is repayable by 31 March 2025 in annual instalments of R11 370 355 as from 31 March 1991 to 31 March 2025.

Kalahari East. This represent a loan to Kalahari East for the purpose of an interest free government loan to create additional capacity in pipeline. Repayment of the loan only starts when the additional capacity is utilised. An actuarial table for the repayment of the loan will then be calculated.

Kalahari West. This represents a loan to Kalahari West for the purpose of constructing a stock drinking scheme. The loan is not secured. The interest rate is fixed at 16,86% per annum and is repayable by 1 December 2019 in annual instalments of R655 926.50 as from 1 June 1997 to 1 December 2019.

Lepelle Northern. This represents a loan to Lepelle Northern for the purpose of purchase of the Duiwelskloof scheme. The loan is not secured. The interest rate fixed at 15.75% per annum and is repayable by 31 March 2019 in annual instalments of R2 550 000,00/4 113 600,00 as from 31 March 1991 to 31 March 2019.

Lepelle Northern. This represents a loan to Lepelle Northern for the purpose of purchase of the Pietersburg water supply scheme. The loan is not secured. The interest rate fixed at 10.4% per annum and is repayable by 31 March 2020 in annual instalments of R102 000,00 as from 31 March 1993 to 31 March 2020.

Magalies. This represents a loan to Magalies for the purpose of purchase of the Wallmanstal and Temba purification works. The loan is not secured. The interest rate is fixed at 15% per annum and is repayable by 31 March 2027 in annual instalments of R250 000 as from 31 March 1994 to 31 March 2027.

Namakwa Water. This represents a loan to Namakwa Water for the purpose of purchase of the Springbok Regional water supply scheme. This loan is not secured. The interest rate is fixed at 10.66% per annum and is repayable by 28 February 2037 in annual instalments of R 8 025 000,00 as from 28 February 2001 to 28 February 2037. The loan did however split into 3 different parties responsible for their own shares from 2001/02/28.

Namakwa de Beer. This represents a loan to Namakwa (De Beer). The loan is not secured. The interest rate is fixed at 10,66% per annum and is repayable by 28 February 2037 in annual instalments of R 245 000,00 as from 28 February 2001 to 28 February 2037.

Namakwa Occ/Metorex. This represents the loan to Namakwa (Occ/Metorex). This loan is not secured. The interest rate fixed at 10.66% per annum and is repayable by 28 February 2037 in annual instalments of R172 925,00 as from 28 February 2001 to 28 February 2037.

Namakwa (Private consumers). This represents the loan to Namakwa (Private consumers). This loan is not secured. The interest rate is fixed at 10.66% per annum and is repayable by 28 February 2037 in annual instalments of R 447 075,00 as from 28 February 2001 to 28 February 2037.

Overberg Water. This represents a loan to Overberg Water for the purpose of purchase of the Duiwenhoks, Ruensveld East and Ruensveld West scheme. This loan is not secured. The interest free loan is repayable by 31 March 2031 in annual instalments of R1 188 800,00 as from 31 March 1993 to 31 March 2031.

Sedibeng Water (Sand River). This represents a loan to Sedibeng Water for the purpose of purchase of the Bulkfontein and Sand River Government Water Scheme. This loan is not secured. The interest rate is fixed at 9,92% per annum and is repayable by 1 July 2012 in annual instalments of R 610 804,92 as from 1 January 1983 to 31 July 2012.

Sedibeng Water (Bulkfontein). This represents a loan to Sedibeng Water for the purpose of purchase of the Bulkfontein and Sand River Government Water Scheme. This loan is not secured. The interest rate is fixed at 9,92% per annum and is repayable by 1 July 2010 in annual instalments of R659 626,92 as from 1 January 1981 to 31 July 2010.

Amajuba District Mun. This represents a loan to Amajuba district for the purpose of purchase of a portion of the Ngagane Regional water supply scheme. This loan is not secured. The interest rate is fixed at 14,82% per annum and is repayable by 31 March 2019 in annual instalments of R 3 470 500,00 as from 31 March 1993 to 31 July 2019.

Kalahari East. This represents a loan to Kalahari East for the purpose of guaranteed payments by the department. The Kalahari East Water User Association is experiencing problems with regard to the repayment of their Land Bank loan. The loan is guaranteed by Government. The Land Bank called up the guarantee and the Department accepted responsibility for the payment of the difference between the Association's actual instalments and that which the Association can afford to pay annually. This will continue until the Land Bank loan is fully redeemed, where after the Association will have to repay the Department's capitalised contributions over negotiated periods at an interest rate determined by the Department.

Umgeni 1. This represents a loan to Umgeni for the purpose of purchase Mooi Umgeni pipeline scheme. This loan is not secured. The interest rate is fixed at 6,95% per annum and is repayable by 1 July 2005 in annual instalments of R760 595,30 as from 1 July 1976 to 1 July 2005.

Umgeni 2. This represents a loan to Umgeni for the purpose of purchase Hammarsdale sewage scheme. This loan is not secured. The interest rate is fixed at 11,2% per annum and is repayable by 1 July 2005 in annual instalments of R735 000,00 as from 1 July 1985 to 1 July 2005.

White River Valley. This represent a loan to White River Valley for he purpose of purchase of Primkop Dam and Longmere dam. This loan is not secured. The interest rate is fixed at 7,83% per annum and is repayable by 31 March 2017 in annual instalments of R97 529,00 as from 31 March 1993 to 31 March 2017.

Irrigations Boards

Hexvallei. This represents a loan to Hexvallei for the purpose of purchase of Sanddrift Government Water Scheme. The loan is not secured. The interest rate is fixed at 8,88% per annum and is repayable by 31 March 2014 in annual instalments of R901 474,00 as from 31 March 1995 to 31 March 2014.

Injambili. This represent a loan to Injambili for the purpose of purchase of a pump station and pipeline. The loan is not secured. The interest rate 16,18% per annum and is repayable by 1 January 2030 in annual instalments of R 12 806,46 as from 1 January 2000 to 1 January 2030.

White Waters Major. This represents a loan to White Water Major for the purpose of purchase of Da Gama Dam. This loan is not secured .The interest rate is fixed at 8,5%. per annum and is repayable by 31 March 2023 in annual instalments of R221 785,00 as from 31 March 2001 to 31 Mar 2023.

Great Fish River. This represents a loan to Great Fish River for the purpose of guaranteed payments. This Great Fish River Water User Association is failing to meet their obligations with regard to the repayment of their four Land BankLoans. The loans are guaranteed by Government. The Land Bank called up the guarantee and the Department has been obliged to pay the instalments since 15 June 2000.

Haarlem. This represents a loan to Haarlem for a Dam and pipelines. This loan is not secured. The interest rate is fixed at 16.50% per annum and is repayable by 1 July 2026 in annual instalments of R 309 664,26 as from 1 July 1997 to 1 July 2026.

Municipalities

Ngwathe (Heilbron). This represents a loan to Ngwathe Heilbron for the purpose of purchase of the Heilbron pipeline. This loan is not secured. The interest rate is fixed at 8,7% per annum and is repayable by 1 March 2013 in annual instalments of R9 428,00 as from 1 March 1984 to 1 March 2013.

Oudtshoorn. This represents a loan to Oudtshoorn for the purpose of loan in respect of Municipality dam. This loan is not secured. The interest rate is fixed at 6,75% per annum and is repayable by 1 July 2007 in annual instalments of R14 694,08 as from 1 January 1978 to 1 July 2007.

Ethekwini. This represents a loan to eThekwini for the purpose of purchase of the Hammersdale water Distribution scheme. This loan is not secured. The interest rate is fixed at 8,9% per annum and is repayable by 1 April 2013 in annual instalments of R58 488,00 as from 1 April 1983 to 1 April 2013.

West Coast District Municipality. This represents a loan to the West Coast District Municipality for the purpose of purchase of Berg river (Saldanha) and Berg river (Swartland). This loan is not secured. The interest rate is fixed at 15,58% per annum and is repayable by 30 June 2011 in annual instalments of R 1 311 000,00 as from 30 June 1992 to 30 June 2011.

	Note	2002/03 R'000	2001/02 R'000
16.2 Total loan amount	16	262 598	-
Less: Payments to Kalahari East		20 051	-
		<u>242 547</u>	-

17. Other financial assets

Description

Equipment account: Stock on hand		130 549	125 692
		<u>130 549</u>	<u>125 692</u>

18. Voted funds to be surrendered	Note	2002/03 R'000	2001/02 R'000
Opening balance		47 731	136 135
Transfer from income statement	13	82 066	47 731
Paid during the year	26	(47 731)	(136 135)
Closing balance		<u>82 066</u>	<u>47 731</u>
19. Revenue funds to be surrendered	Note		
Opening balance		24 023	29 219
Transfer from income statement for revenue to be surrendered	13	89 342	58 710
Paid during the year	26	(91 659)	(63 906)
Closing balance		<u>21 706</u>	<u>24 023</u>
20. Bank overdraft			
Paymaster General Account (Exchequer account)		<u>95 934</u>	<u>75 777</u>
21. Payables - current			
Description	Note		
Advances received	21.1	53 974	14 463
Other payables	21.2	174 375	152 095
		<u>228 349</u>	<u>166 558</u>
Advances received			
TCTA Advance		-	195
Mooi Umgeni		53 540	14 080
Advance paid water (Water users)		434	188
		<u>53 974</u>	<u>14 463</u>
Other payables			
Tender deposits		87	172
Sundry deposits		162	315
Credit suspense: Miscellaneous receipts		568	320
Credit suspense: Working for Water		50	50
Forestry leases		25 878	13 199
Scheme salaries		232	826
Persal deduction accounts		160	862
Warrant vouchers cancelled: re-issued		86	125
Revenue: Water Research Fund		5 056	3 886
Equipment: Paid & not received		1 281	-
Mess suspense		73	166
Nas. Forestry Recr.& Acc. Trust:gen.acc.		2 513	2 244
Equipment: Fund Available		129 863	119 384
Equipment: Rental Account		8 366	9 911
Debit recover: other		-	635
		<u>174 375</u>	<u>152 095</u>

22. Amounts owing to controlled entities		2002/03	2001/02
	Note	R'000	R'000
Total amounts owing to controlled entities	Annexure 2C	<u>16 895</u>	<u>5 869</u>
23. Amounts owing by controlled entities			
	Note		
Total amounts owing by controlled entities	Annexure 2C	<u>269 508</u>	<u>296 312</u>
24. Net cash flow generated by operating activities			
	Note		
Net surplus as per Income Statement	13	151 150	136 937
Adjusted for items separately disclosed		1 656 332	1 706 254
Purchase of equipment		64 287	71 845
Purchase of land and buildings		930	1 545
Purchase of capital items		1 589 851	1 635 089
Loans granted		8 431	3 281
Repayment of loans		(7 167)	(5 506)
Net cash flow generated by operating activities		<u>1 807 482</u>	<u>1 843 191</u>
25. Cash (utilised) to (increase)/decrease working capital			
Decrease in receivables - current		6 513	5 314
(Increase) in prepayments and advances		(85 581)	(35 090)
(Increases)/ decrease in other assets		(4 857)	526
Increase in payables		61 791	13 717
Increase in recoverable revenue		15 377	126
		<u>(6 757)</u>	<u>(15 407)</u>
26. Voted funds and Revenue funds surrendered			
	Note		
Voted funds surrendered	18	(47 731)	(136 135)
Revenue funds surrendered	19	(91 659)	(63 906)
		<u>(139 390)</u>	<u>(200 041)</u>

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

27. Contingent liabilities

Liable to	Nature	Note	2002/03 R'000	2001/02 R'000
Motor vehicle guarantees	Employees	Annexure 3	373	662
Housing loan guarantees	Employees	Annexure 3	12 448	11 086
Other guarantees		Annexure 3	17 887 337	14 647 873
			17 900 158	14 659 621

28. Commitments

Capital expenditure

Approved and contracted/ordered	1 575 707	1 550 845
Approved but not yet contracted	1 154 156	1 017 409
	2 729 863	2 568 254

29. Accruals

29.1 Listed by standard Item

Administrative expenditure	789	57
Inventories	1 224	3
Equipment	307	-
Transfer payments	-	272
Professional and special services	9 292	24 306
	11 612	24 638

29.2 Listed by programme level

Administration	354	224
Water Resource Assessment	94	26
Integrated Water Resource Planning	5 275	127
Water Resource Development	4 937	279
Regional Implementation	534	21 468
Integrated Water Resource Management	243	1 356
Water Services	155	933
Forestry	20	225
	11 612	24 638

30. Employee benefits			
Leave entitlement		370 792	374 414
Thirteenth cheque		39 103	20 413
Performance bonus		6 592	8 538
		<u>416 487</u>	<u>403 365</u>

31. Leases

31.1 Operating leases	Equipment		
Not later than 1 year		2 935	2 796
Later than 1 year and not later than 3 years		3 050	1 398
Total lease commitments		<u>5 985</u>	<u>4 194</u>

32. Receivables for services delivered

Nature of services		
Sale of water (household and industrial)		721 674
Sale of water (Irrigation)		42 310
Interest		39 659
Other		2 606
		<u>806 249</u>

32.1 Amounts of R569 821 000 included above may not be recoverable.

33. Irregular expenditure**33.1 Movement schedule of irregular expenditure**

Opening balance		
Irregular expenditure current year		105
Closing balance		<u>105</u>
Analysis		
Current year		105
		<u>105</u>

34. Key management personnel**34.1 Remuneration**

	Number of officials		
Minister	1	807	718
Director-General	1	735	631
Deputy Director-General	3	1,837	1,312
Chief Financial Officer	1	581	506
Chief Information Officer	1	711	637
		<u>4 671</u>	<u>3 804</u>

	2002/03 R'000	2001/02 R'000
Other remuneration and compensation provided to key management and close members of the family of key management personnel		
Minister	27	-
Director-General	9	11
Deputy Director-General	13	22
Chief Financial Officer	7	4
Chief Information Officer	1	1
	<u>57</u>	<u>38</u>
35. Biological/Cultivated assets		
Biological/Cultivated assets on hand		
Biological assets		
Trees in plantation forest:		
50 000 hectares @ R1 000/ha	50 000	
	<u>50 000</u>	

ANNEXURES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

ANNEXURE 1B

STATEMENT OF CONDITIONAL TRANSFERS TO MUNICIPALITIES
BY NATIONAL DEPARTMENTS

AS AT 31 MARCH 2003

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act	Adjustments Estimates	Roll Overs	Total Available (1)	Actual Transfer	Amount not transferred	% of Available Transferred	Capital	Current	Actual Amount Received	Actual Amount Spent	% of amount Transferred Spent
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	%
UGU District Municipality	4 876			4 876	4 876			4 876		4 876		
West Coast District Municipality	3 725			3 725	3 724	1		3 725		3 724		
Carpricorn District Municipality	8 848			8 848	8 848			8 848		8 848	1 365	15.43
Alfred Nzo District Municipality	7 211			7 211	7 211			7 211		7 211		
Amatola District Municipality	19 464			19 464	19 464			19 464		19 464		
Cacadu District Municipality	8 263			8 263	8 263			8 263		8 263		
Chris Hani District Municipality	12 381			12 381	12 394	(13)		12 381		12 394		
OR Tambo District Municipality	27 822			27 822	27 821	1		27 822		27 821		
Ukhahlamba District Municipality	12 596			12 596	12 702	(106)		12 596		12 702		
Motheo	9 139			9 139	9 139			9 139		9 139		
Xhariep	862			862	862			862		862	30	3.48
Thabo Mafutsanyane	3 440			3 440	3 440			3 440		3 440	170	4.94
Lejweleputswa	10 490			10 490	10 490			10 490		10 490	3 059	29.16
Eastvaal	9 736			9 736	9 736			9 736		9 736	4 828	49.59
Ehlanzeni	3 203			3 203	3 203			3 203		3 203		
Nkangala	13 332			13 332	13 830	(498)		13 332		13 830	3 431	24.81
Sekhukhune	3 000			3 000	3 000			3 000		3 000	3 000	100
Kalahari	2 780			2 780	2 680	100		2 780		2 680		
Siyanda	1 203			1 203	1 203			1 203		1 203		
Namakwa	513			513		513		513				
Central Karoo	327			327	327			327		327		
Eden	1 950			1 950	1 950			1 950		1 950		
Garden Route	1 329			1 329	1 329			1 329		1 329		
TOTAL	166 490			166 490	166 492	(2)		166 490		166 492	15 883	9.54

ANNEXURE 1D
STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS
BY NATIONAL DEPARTMENTS
AS AT 31 MARCH 2003

(Transfer by Public Entity / Institution)	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available (1)	Actual Transfer	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Irrigation Board									
Koekedow		11 270			11 270	11 270		11 270	
Great Fish River		1 536			1 536	1 536		1 536	
Komati River		4 768			4 768	4 768		4 768	
Crocodile River Major		261			261	261			261
Koster River		14			14	14			14
Lepelle Northern Water		207			207	207			207
Klerksdorp		16			16	16			16
Water Boards									
Umgeni Water Board			60 000		60 000	60 000		60 000	
Bushbuckridge Water Board		2 500			2 500	2 500			2500
Inkangala Board		2 272			2 272	2 272			2272
Total		22 844	60 000		82 844	82 844		77 574	5270

ANNEXURE 1E
STATEMENT OF OTHER TRANSFERS BY NATIONAL DEPARTMENTS
AS AT 31 MARCH 2003

Transfer by Public Entity / Institution	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available (1)	Actual Transfer	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Equipment trading account	2 500			2 500	2 500			2 500	
Water trading account	1 094 186			1 094 186	1 094 186				1 094 186
Total	1 096 686			1 096 686	1 096 686			2 500	1 094 186

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type	Amounts owing to		Amounts owing by	
				2002/2003 R'000	2001/2002 R'000	2002/2003 R'000	2001/2002 R'000
Sabierivier (2)						42	48
Sabierivier (1)						32	25
Sabierivier (3)						11	13
Sabierivier (4)						8	9
Sabierivier (5)						1	2
Sandrivier (1)						81	91
Sandrivier (2)						38	42
White River Est.						33	44
Georges Valley (2)						9	17
Georges Valley (1)						9	17
Georges Valley (3)						2	2
Pusela						9	10
Bellair						42	44
Bleshoek						19	25
Bo-Doornrivier						14	15
Bossieveld (1)						65	67
Brandwag						115	119
Buffelskloof (2)						125	129
Buffelskloof (1)						17	20
Calitzdorp (1)						56	63
Dwariga						39	42
Doornrivier (3)						9	9
Elandskaroo						37	37
Gamkarivier (1)						26	27
Gamkarivier (3)						86	90
Gamkarivier (2)						13	14
Hexrivier (2)						25	26
Hoopsrivier (1)						1	2
Hoopsrivier (2)						32	74
Jan du Toits (2)						5	6
Jan du Toits (1)						9	9
Keurkloof						64	69
Krommerivier (1)						27	28
Krommerivier (2)						2	3
Krommerivier (4)						62	64
Krommerivier (3)						25	26

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type	Amounts owing to		Amounts owing by			
				2002/2003 R'000	2001/2002 R'000	2002/2003 R'000	2001/2002 R'000		
Curlews (5)						6	6		
De Rust						199	202		
Eureka						672	690		
Komatirivier						198	202		
Komatirivier (3)						162	167		
Komatirivier (2)						214	219		
Manchester Noordwyk (2)						1 945	1 981		
Malelane (2)						146	149		
Ranch Karino (4)						405	439		
Ranch Karino (1)						94	99		
Ranch Karino (2)						44	45		
Ranch Karino (3)						47	53		
Spekboomrivier						-	2		
Trans Elands						79	81		
Witwaters Hoof						-	1		
Buffelshoek (1)						5	8		
Buffelshoek (2)						2	2		
Schweizer Reneke						20	20		
Sterkwater (2)						1	1		
TOTAL						16 895	5 869	269 508	296 312

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED

AT 31 MARCH 2003 (Domestic)

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	Motor vehicle for Senior Officials	1 927	662	-	289	-	373	-
Total		1 927	662	-	289	-	373	-

ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED
AS AT 31 MARCH 2003 (Domestic)

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year	Guarantees Released during the year	Guareenteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
VSB Mutual Bank	Housing loans	156	156	15	-		171	
Old Mutual Bank	Housing loans	157	157	16	-		173	
Perm/Peoples Bank	Housing loans	1 132	1 132	419	52		1 499	
Nedbank	Housing loans	204	204	20	16		208	7
NPDev. Corp	Housing loans	47	47	-	-		47	
Greenstart H/L	Housing loans	45	45	15	-		60	
Ithala Ltd	Housing loans	46	46	-	-		46	
Hlana Fin. Serv.	Housing loans	9	9	-	-		9	
Standard Bank	Housing loans	2 056	2 056	111	157		2 010	
ABSA	Housing loans	4 757	4 757	740	306		5 191	9
Mpumalanga Housing Fin	Housing loans	-	-	4	-		4	
Future Bank	Housing loans	18	18	-	13		5	
FDC	Housing loans	57	57	36	-		93	
NBS/BOE Bank	Housing loans	666	666	99	145		620	
African Bank	Housing loans	90	90	18	14		94	
Saambou	Housing loans	1 169	1 169	81	223		1 027	5
FBC Fidelity	Housing loans	340	340	51	-		391	
FNB	Housing loans	664	664	179	43	-	800	-
Total		11 613	11 613	1 804	969	-	12 448	21

ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED
AS AT 31 MARCH 2003
DOMESTIC

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
KOBWA (18)	DBSADriekoppies Dam	488 401	475 545	-	9 625	-	465 920	-
KOBWA (21)	Hambros bond issue Maguga Dam	380 000	405 313	-	25 313	25 313	405 313	-
KOBWA (27)	Gensec Bank Maguga Dam	165 000	185 657	-	20 657	16 222	181 222	-
KOBWA	Rand Merchant bank Maguga Dam	380 000	408 191	-	28 191	20 046	400 046	-
KOBWA	Nedcor Bank - Maguga Dam	233 000	128 599	59 000	-	36 392	223 991	-
Land Bank (31)	Grain silo loans to co-operatives	200 000	11 386	-	-	778	12 164	-
Land Bank (32)	Cash credit account to Northern Transvaal Cooperative Limited	80 000	42 612	-	-	7 875	50 487	-
Land Bank (33)	1988 Drought relief scheme for planting areas of the summer rainfall regions	800 000	-	-	-	-	-	-
Land Bank (30)	Financing of water projects by WUA's	300 000	305 505	-	-	11 437	316 942	-
Land Bank (28)	Kalahari East Water Board	77 400	52 679	-	-	3 669	56 348	-
Land Bank (29)	Umzinkulwana WUA	500	325	-	-	22	347	-
Loan to LHDA(1) Repayment phase	Development Bank of Southern Africa (DBSA)-Contract 2484/1 Butha-Buthe Villiage engineering works	22 700	14 064	-	414	913	14 563	-
Loan to LHDA(2) Repayment phase	DBSA-Contract 2744/1 Civil Construction training	910	280	-	42	12	250	-
Loan to LHDA(3) Fully repaid	DBSA-Contract 2744/3 Civil Construction training	248	-	-	-	-	-	-
Loan to LHDA(4) Fully repaid	DBSA-Contract 3729/1 Accounting and Financial Management Systems	3 050	238	-	238	-	-	-
Loan to LHDA(5) Repayment phase	DBSA- 9589/1 Planning and Construction Of LHWPentrance roads and Reservoir crossing	8 854	6 298	-	695	360	5,963	-
Loan to LHDA(6) Fully repaid	DBSA- 2653/1 Basic infrastructure for communities affected by Construction	1 840	-	-	-	-	-	-

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA(7) Drawdown phase	(a) ABSABank Ltd CMAPhase 4	100 000	20 443	3 786	-	320	24 549	-
Loan to the TCTA (8) Fully repaid	(Sechold Ltd) Investec Money Market	200 000	-	-	-	-	-	-
Loan to the TCTA (9) Fully repaid	ABSA Money Market	350 000	-	-	-	-	-	-
Loan to the TCTA (10) Fully repaid	Standard Bank Of S.A. Limited Money Market	350 000	-	-	-	-	-	-
Loan to the TCTA (11) Fully repaid	Nedperm Bank	100	-	-	-	-	-	-
Loan to the TCTA (12) Fully repaid	RMB Money Market	100	-	-	-	-	-	-
Loan to the TCTA (13) Repayment phase and drawdown phase	Call bills & Capital project bills Issued in the money market Money Market	4 000 000	1 491 200	113 100	-	10 202	1 614 502	-
Loan to LHDA(15) Fully repaid	DBSA-Contract 9589/2	145 443	-	-	-	-	-	-
Loan to LHDA(16) Fully repaid	DBSA-Contract 10753	58 379	-	-	-	-	-	-
Loan to LHDA(17) Drawdown phase	CMA-V RMB	100 000	32 276	3 724	-	391	36 391	-
Loan to the TCTA (14) Repayment phase and drawdown phase	Holders of Lesotho Highlands Water Project Bonds (New Consolidated Guarantee)	21 000 000	11 650 840	3 405 968	2 325 000	354 170	13 085 978	-
Loan to LHDA Repayment phase	DBSA- 2868/1	2 700	2 494	-	54	95	2 535	-
Total		29 448 625	15 233 945	3 585 578	2 410 229	488 217	16 897 511	-

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (OSL12) Fully repaid on 29/01/03	AKA Ausfuhrkredit-Gesellschaft mbH (Export credit)	219 900	89 418	-	89 418	-	-	-
Loan to LHDA (OSL13) Fully repaid on 29/01/03	AKA Ausfuhrkredit-Gesellschaft mbH (Export credit)	515 674	202 223	-	202 223	-	-	-
Loan to LHDA (OSL14) Fully repaid on 29/01/03	AKA Ausfuhrkredit-Gesellschaft mbH (Export credit)	161 140	51 452	-	51 452	-	-	-
Loan to LHDA (OSL16) Fully repaid on 29/01/03	Kreditanstalt fur Wiederaufbau (Export credit)	109 950	45 713	-	45 713	-	-	-
Loan to LHDA (OSL17) Fully repaid on 29/01/03	Kreditanstalt fur Wiederaufbau (Export credit)	257 837	102 852	-	102 852	-	-	-
Loan to LHDA (OSL18) Fully repaid on 29/01/03	Kreditanstalt fur Wiederaufbau (Export credit)	80 570	26 063	-	26 063	-	-	-
Loan to LHDA (OSL23) Repayment phase	HSBC Investment Bank (Commercial loan)	222 233	141 650	12 040	7 645	824	146 869	-
Loan to LHDA (OSL4) Fully repaid on 29/01/03	ABN Amro (nee Hill Samuel Bank Ltd) (Export credit)	741 460	343 821	-	343 821	-	-	-
Loan to LHDA (OSL3) Fully repaid on 29/01/03	Commonwealth Development Corporation (Concessionary loan)	213 012	144 543	-	144 543	-	-	-
Loan to LHDA (OSL20G) Fully repaid on 29/01/03	Credit Lyonnais (Export credit)	125 301	76 582	-	76 582	-	-	-
Loan to LHDA (OSL20I) Fully repaid on 29/01/03	Credit Lyonnais (Export credit)	355 020	155 009	-	155 009	-	-	-
Loan to LHDA (OSL24) Drawdown phase	HSBC Investment Bank (Export Credit)	120 718	77 466	7 067	4 227	754	81 060	-
Loan to LHDA (OSL20F) Fully repaid on 29/01/03	Credit Lyonnais (Export credit)	181 761	87 848	-	87 848	-	-	-
Loan to LHDA (OSL6) Fully repaid on 29/01/03	Banque Nationale de Paris (Export credit)	254 147	120 688	-	120 688	-	-	-

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (OSL7) Fully repaid on 29/01/03	Banque Nationale de Paris (Export credit)	537 349	278 517	-	278 517	-	-	-
Loan to LHDA (OSL8) Fully repaid on 29/01/03	Banque Nationale de Paris (Export credit)	184 785	71 739	-	71 739	-	-	-
Loan to LHDA (OSL27) Drawdown phase	EIB	86 379	-	-	-	-	-	-
Loan to LHDA (OSL26) Repayment phase	EIB	380 069	95 017	-	-	471	95 488	-
Loan to LHDA (OSL25) Drawdown phase	World Bank	357 300	123 737	21 182	-	1 819	146 738	-
Loan to LHDA (OSL1) Fully repaid on 29/01/03	International Bank for Reconstruction and Development	547 121	321 059	-	321 059	-	-	-
Loan to LHDA (OSL22) Repayment phase	HSBC Investment Bank (Commercial loan)	50 419	50 419	-	-	181	50 600	-
Loan to TCTA (FXL01) Repayment phase	AKA Ausfuhrkredit-Gesellschaft mbH (Export credit)	324 358	110 078	-	47 176	-	62 902	-
Loan to TCTA (FXL02) Repayment phase	Kreditanstalt fur Wiederaufbau (Export credit)	162 179	43 312	-	14 437	-	28 875	-
Loan to TCTA (FXL08) Drawdown phase	EIB	388 707	211 000	152 215	-	14 079	377 294	-
Total		6 577 389	2 970 206	192 504	2 191 012	18 128	989 826	-

ANNEXURE 4 PHYSICAL ASSET MOVEMENT SCHEDULE

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS	-	1 590 781	-	-	-	1 590 781
Other structures (Infrastructure Assets)	-	395 190	-	-	-	395 190
Capital work in Progress	-	1 195 591	-	-	-	1 195 591
MACHINERY AND EQUIPMENT		64 287				64 287
Computer equipment	-	16 926	-	-	-	16 926
Furniture and office equipment	-	6 207	-	-	-	6 207
Other machinery and equipment	-	41 094	-	-	-	41 094
Transport assets	-	60	-	-	-	60
	-	1 655 068	-	-	-	1 655 068

ANNEXURE 5 INTANGIBLE ASSET MOVEMENT SCHEDULE (Not including inventories)

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers Out R'000	Transfers In R'000	Closing Balance R'000
Computer software	-	2 485	-	-	-	2 485
Utility rights	-	616	-	-	-	616
	-	3 101	-	-	-	3 101

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT
ON THE FINANCIAL STATEMENTS OF THE WATER
TRADING ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003**



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 148 to 150, for the year ended 31 March 2003, 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, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that the audit is 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.

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 the attention and are applicable to financial matters.

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

3. QUALIFICATION

3.1 Basis of preparing annual financial statements

Paragraph 18.2 of the Treasury Regulations read together with section 40(1)(b) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the financial statements of the Water Trading Account to conform with generally accepted accounting practice. This requirement has not been met as these statements were prepared on a cash basis and do not encompass accrual accounting or capitalisation and depreciation of property, plant and equipment. No balance sheet is prepared and therefore the effect of the balance sheet figures are not reflected on the cash flow statement. This was also reported on in paragraph 3.1 of the previous report.

3.2 Separate records for the vote and Water Trading Account

Full and proper records of the financial affairs of the Water Trading Account were not maintained separately from those of the vote. Consequently, certain transactions, balances and information that should have been reflected in the financial statements of this trading account, were erroneously included in the financial statements of the vote (receivables, prepayments and advances, payables, inventories on hand at year-end and employee benefits).

In addition, inventory and accounting records in respect of equipment items were not maintained separate from the vote.

The amounts relating to the Water Trading Account could not be determined by the Department as the information is not readily available.

As previously reported the Department during the financial year under review shared a bank account and warrant voucher series with the Water Trading Account. However, a separate bank account was established, accounting records were separated and on 1 April 2003 the Department started to implement the Basic Accounting System (BAS) which will further address this matter.

4. ADVERSE AUDIT OPINION

In my opinion, because of the effect on the financial statements of the matters referred to in paragraph 3, the financial statements do not fairly present, in all material respects, the financial position of the Water Trading Account at 31 March 2003 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practices.

5. EMPHASIS OF MATTER

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

5.1 Revenue and Debtor's Management System

With reference to paragraph 5.1.1 of the previous report, the Water Authorisation and Registration Management System (WARMS) which is intended to control bulk water consumers, was implemented to control billing with effect from April 2002. However, many problems were experienced during the financial year under review in implementing the new system which led to the department deciding to waive interest on late payments in respect of water resources management charges for the period 2002/2003, subject to certain conditions. In addition, the new system did not include and control all water users and outstanding debtors before April 2002.

Accordingly, the Department did not have a uniform billing system in place during the year under review to facilitate an effective debtors management system and effective

controls over revenue collections.

5.2 Recoverability of debtors – Limpopo Region

With reference to paragraph 5.1.2 of the previous report, in the Department's Limpopo Region, revenue from the eleven municipalities in the Northern district have not been received since 1997. The outstanding debtor list kept by the Department, indicates that the amount outstanding for the above-mentioned municipalities as at 31 March 2002 amounted to R88 million. The age analysis as at 31 March 2003 for these debtors is currently being reviewed and was not submitted during the audit. The Department indicated that municipalities had not agreed to enter into contracts to facilitate the recovery of these outstanding amounts and amounts owing are now being finalised for recommendation to the National Treasury for write-off. Therefore the recoverability of these debts is uncertain.

5.3 Reliance on internal auditors

During the year under review only limited reliance could be placed on internal audit's work due to the differing focus areas.

5.4 Other internal control weaknesses

During the audit, certain shortcomings in the control systems were highlighted to the accounting officer and these included the following:

- The Department's internal administrative system regarding tracking of documentation did not function effectively, and thus information was not always readily available and could not be submitted timeously.
- Effective controls were not implemented regarding payments made to a fleet management contractor for the provision of transport services to the Department.
- Controls over assets were not in place at most locations as updated asset registers

were not in place, separate records not kept for the Water Trading Account and complete and updated records of items not kept in certain offices at different locations.

- The Department's relationship with the Trans-Caledon Tunnel Authority (TCTA) is described on page 76 of this annual report. In terms of the agreement between the Department and the TCTA, the department is liable towards the TCTA, in respect of TCTA levies, for all amounts billed whether the amount has been received or not. However, the Department only paid over to the TCTA the amounts recovered from the water users and not the amount payable by water users.

6. APPRECIATION

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

Shaubet Fakie

AUDITOR-GENERAL

Pretoria

27/07/2003

WATER TRADING ACCOUNT
INCOME STATEMENT FOR THE YEAR
 ENDED 31 MARCH 2003

	2002/03	2001/02
	R'000	R'000
Income	2 127 862	1 745 564
Sale of water:		
Water resource management cost	36 878	-
Irrigation	81 760	79 519
Household and Industrial	1 969 789	1 642 314
Other	39 435	23 731
 Less: Expenditure	 3 222 048	 2 754 044
Integrated catchment management	518 686	444 782
Integrated systems	1 548 030	1 283 551
Bulk water supply	383 341	280 041
Water services	770 764	745 670
Losses	1 227	-
 Loss	 <u>(1 094 186)</u>	 <u>(1 008 480)</u>

Department of Water Affairs
 and Forestry,
 Pretoria.



Director-General: Water Affairs

and Forestry,

Accounting Officer.

WATER TRADING ACCOUNT
CASH FLOW STATEMENT FOR THE YEAR
 ENDED 31 MARCH 2003

		2002/03	2001/02
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received		2 127 862	1 745 564
Cash paid to suppliers		(3 095 213)	(2 640 678)
Net cash outflow from operating activities	1	<u>(967 351)</u>	<u>(895 114)</u>
Purchase of capital items		(126 835)	(113 366)
Net cash outflow from investing activities		<u>(126 835)</u>	<u>(113 366)</u>
Capital Augmentation		1 094 186	1 008 480
Net cash inflow from financing activities		<u>1 094 186</u>	<u>1 008 480</u>
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		<u>-</u>	<u>-</u>

WATER TRADING ACCOUNT
NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR
 ENDED 31 MARCH 2003

		2002/03	2001/02
		R'000	R'000
1	Cash generated by operations		
	Net loss as per Income statement	(1 094 186)	(1 008 480)
	Deduct from net loss:		
	Purchase of capital items	126 835	113 366
	Cash generated by operations	(967 351)	(895 114)

WATER TRADING ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2003

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.

Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

Surplus or loss

At the end of the financial year any surplus is paid into the departmental revenue account for payment to the Revenue Fund.

Any loss is normally made good from the vote.

WATER TRADING ACCOUNT
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2003

	Capital augmentation/loss R'000	Accumulated R'000	Total R'000
Balance 1 April 2002	-	-	-
Net loss for the year	-	(1 094 186)	(1 094 186)
Capital augmentation	1 094 186	-	1 094 186
Balance at 31 March 2003	1 094 186	(1 094 186)	-

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE EQUIPMENT TRADING ACCOUNT

ENDED 31 MARCH 2003



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 153 to 159, for the year ended 31 March 2003, 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 based, on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit 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.

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.

3. QUALIFICATION

3.1 Basis of preparing annual financial statements

Paragraph 18.2 of the Treasury Regulations read together with section 40(1)(b) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the financial statements of the Equipment Account to conform with generally accepted accounting practice. This requirement has not been met as these statements were prepared on a cash basis and do not encompass full accrual accounting. This was also reported on in paragraph 3.1 of the previous year's audit report.

3.2 Separate records for the Vote and Equipment Trading Account

Full and proper records of the financial affairs of the Equipment Account were not maintained separately from those of the vote. Consequently, certain transactions, balances and information that should have been reflected in the financial statements of this account, were erroneously included in the financial statements of the vote (receivables, payables and inventories on hand at year-end).

The amounts relating to the Equipment Trading Account could not be determined by the department as the information was not readily available due to the large number of transactions involved.

As previously reported the Department during the financial year under review shared a bank account and warrant voucher series with the Equipment Trading Account. However, a separate bank account was established, accounting records was separated and on 1 April 2003 the Department started to implement the Basic Accounting System (BAS) which will further address this matter.

4. ADVERSE AUDIT OPINION

In my opinion, because of the effect on the financial statements of the matters referred to in paragraph 3, the financial statements do not fairly present, in all material respects, the financial position of the Equipment Trading Account at 31 March 2003 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice.

5. EMPHASIS OF MATTER**Reliance on internal auditors**

During the year under review only limited reliance could be placed on internal audit's work due to the differing focus areas.

6. APPRECIATION

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

Shaubet Fakie

AUDITOR-GENERAL

Pretoria

27/07/2003

EQUIPMENT ACCOUNT BALANCE SHEET

AS AT 31 MARCH 2003

	Note	2002/2003 R'000	2001/2002 R'000
Assets			
Plant and equipment	2	130 549	125 692
Current assets		8 961	3 603
Investment amounts immediately claimable		100	100
Cash with Paymaster-General	5	8 861	2 562
Debtors		-	941
Total assets		<u>139 510</u>	<u>129 295</u>
Equity and liabilities			
Capital fund		138 229	129 295
Current liabilities			
Creditors		1 281	-
Total equity and liabilities		<u>139 510</u>	<u>129 295</u>

Department of Water Affairs
and Forestry,
Pretoria.


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

**EQUIPMENT ACCOUNT
INCOME STATEMENT**
FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/2003	2001/2002
		R'000	R'000
Income		49 984	47 106
Lease income	3	43 432	42 246
Profit from sale of plant and equipment	4	5 979	2 756
Maintenance costs collected		573	2 104
Expenditure		41 617	37 195
Depreciation of plant and equipment		29 591	28 437
Maintenance costs		12 026	8 607
Losses approved		-	151
<i>Net profit</i>		8 367	9 911
<i>Profit paid to Revenue Fund</i>		2 388	7 155
<i>Net profit for the year</i>		5 979	2 756

EQUIPMENT ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2003

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.

Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

Surplus or loss

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

Net profit from sales of equipment.

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

Plant and equipment

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

Depreciation

Depreciation is written off per operational hour.

Lease income

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

	2002/2003	2001/2002
	R'000	R'000
Plant and equipment		
Equipment		
Carrying value at beginning of year	124 526	124 988
Disposals	(1 982)	(904)
Assets stolen	-	(151)
Additions	36 360	29 030
Assets taken over	455	-
Depreciation	(29 591)	(28 437)
<i>Carrying value at end of year</i>	129 768	124 526
	129 056	122 726
In use		
In sales account	712	1 800

	2002/03 R'000	2001/02 R'000
Drilling diamonds		
Carrying value at beginning of year	1,166	1,230
(Disposals)	<u>(385)</u>	<u>(64)</u>
Carrying value at end of year	781	1,16
Industrial diamonds	656	273
Synthetic diamonds	125	893
Total carrying value	130 549	125 692
Lease income		
Equipment with book value	29 591	28 437
Equipment with nil book value	13 841	13 809
	<u>43 432</u>	<u>42 246</u>
Profit from sale of plant and equipment		
Sale proceeds	7 961	3 660
Book value of items sold	(1,982)	(904)
	<u>5 979</u>	<u>2 756</u>

Cash with Paymaster-General

The balance represent the expected Paymaster-General balance which relates to the Equipment Trading Account. The amount of R8 860 681,61 is included in the balance of R117 116 714,78 as reflected in the balance sheet of the Vote.

EQUIPMENT ACCOUNT
CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/2003	2001/2002
		R'000	R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers		44 004	44 350
Cash paid to suppliers		(14 413)	(15 762)
		<hr/>	<hr/>
Net cashflow available from operating activities	A	29 591	28 588
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	B	(35 975)	(28 966)
Proceeds on sale of fixed assets	C	7 961	3 660
		<hr/>	<hr/>
Net cash outflow from investing activities		(28 014)	(25 306)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital augmentation		2 500	2 500
Increase/(Decrease) in creditors		1 281	(2 502)
(Increase) in debtors		941	(941)
		<hr/>	<hr/>
Net cash inflow from financing activities		4 722	(943)
		<hr/>	<hr/>
Net increase in cash and cashe quivalent		6 299	2 339
Cash and cash equivalents at the beginning of year		2 562	223
		<hr/>	<hr/>
Cash and cash equivalents at the end of year		8 861	2 562
		<hr/>	<hr/>

EQUIPMENT ACCOUNT
NOTES TO THE CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2003

	2002/2003	2001/2002
	R'000	R'000
A. Cash generated by operations		
Net profit	5 979	2 756
Adjusted for: Depreciation	29 591	28 437
Profit from sale of plant and equipment	(5 979)	(2 756)
Losses approved	-	151
	<u>29 591</u>	<u>28 588</u>
B. Additions to plant and equipment		
Decrease/(Increase) in drilling diamonds	385	64
New equipment	(23 546)	(23 421)
Rebuild of equipment	(12 814)	(5 609)
	<u>(35 975)</u>	<u>(28 966)</u>
C. Proceeds on sale of plant and equipment		
Book value of assets sold	1 982	904
Profit on sale	5 979	2 756
	<u>7 961</u>	<u>3 66</u>

EQUIPMENT ACCOUNT
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2003

	Assets taken over R'000	Capital augmentation R'000	Retained earnings R'000	Total R'000
Balance 1 April 2001	-	-	124 039	124 039
Net profit for the year	-	-	2 756	2 756
Assets taken over	-	-	-	-
Capital augmentation	-	2 500	-	2 500
Balance 31 March 2002	-	2 500	126 795	129 295
Balance 1 April 2002	-	-	129 295	129 295
Net profit for the year	-	-	5 979	5 979
Assets taken over	455	-	-	455
Capital augmentation	-	2 500	-	2 500
Balance 31 March 2003	455	2 500	135 274	138 229

REPORT OF THE AUDITOR-GENERAL TO THE MINISTER OF WATER AFFAIRS AND FORESTRY ON THE FINANCIAL STATEMENTS OF THE NATIONAL FOREST RECREATION AND ACCESS TRUST

FOR THE YEAR ENDED 31 MARCH 2003



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 162 to 165, for the year ended 31 March 2003, 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, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit 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.

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.

3. AUDIT OPINION

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 2003 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

4. EMPHASIS OF MATTER

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

4.1 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.

During the 1999/00 financial year an amount of R1 669 293 was transferred from the National Hiking Way Fund (which was dissolved) to the trust. These funds have been invested with Corporation for Public Deposits and are still with the corporation on investment. With the closing of the financial books March 2002/03, there was a surplus of R2 513 321 in the Trust.

The National Forest Recreation and Access Trust was not operational during the financial years 2000/01, 2001/02 and 2002/03 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. Although the Committee had convened during the current year and made recommendations to the Minister, the minister has not as yet made a decision on the recommendations of the committee.

4.2 Listing of National Forest Recreation and Access Trust as a public entity

Although the trust is not an entity listed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) the definition of a public entity could extend to the trust, as the trust was established in terms of legislation and is accountable to Parliament. In those instances where there is doubt regarding whether an entity is a public entity or not, the act requires that entity to seek clarity from the National Treasury. The accounting officer has requested clarity from the National Treasury. At the date of this report clarity from the National Treasury was still pending

5. APPRECIATION

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



N. Manik

for Auditor-General

Pretoria

30/07/2003

NATIONAL FOREST RECREATION AND ACCESS TRUST BALANCE SHEET

AS AT 31 MARCH 2003

	Notes	2002/03	2001/02
		R	R
Assets			
Current assets		2 513 321	2 243 973
Amounts immediately recoverable		2 510 592	2 241 244
Cash with Paymaster-General		2 729	2,729
		<u>2 513 321</u>	<u>2 243 973</u>
Equity			
Capital fund	2	2 513 321	2 243 973
		<u>2 513 321</u>	<u>2 243 973</u>

Department of Water Affairs
and Forestry,
Pretoria,



Dr. T.L. Simelane
Acting Accounting Officer
National Forest Recreation
and Access Trust

NATIONAL FOREST RECREATION AND ACCESS TRUST INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2003

	2002/03	2001/02
	R	R
Income	269 348	193 139
Investment income	269 348	193 139
Expenditure	-	-
Net income for the year	<u>269 348</u>	<u>193 139</u>

**NATIONAL FOREST RECREATION AND ACCESS TRUST
CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2003

	2002/03	2001/02
	R	R
Cash flows from operating activities		
Interest received	269 348	193 139
Cash generated by operations	<u>269 348</u>	<u>193 139</u>
Cash flows from investing activities		
Increase in investment	(269 348)	(193 139)
Net cash outflow from investing activities	<u>(269 348)</u>	<u>(193 139)</u>
Net increase in cash and cash equivalent	-	-
Cash and cash equivalent at the beginning of the year	2 729	2 729
Cash and cash equivalent at the end of the year	<u>2 729</u>	<u>2 729</u>

**NATIONAL FOREST RECREATION AND ACCESS TRUST
STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2003

	Accumulated profit	Total
	R	R
Balance 1 April 2001	2 050 834	2 050 834
Interest received	193 139	193 139
Balance 31 March 2002	<u>2 243 973</u>	<u>2 243 973</u>
Balance 1 April 2002	2 243 973	2 243 973
Interest received	269 348	269 348
Balance 31 March 2003	<u>2 513 321</u>	<u>2 513 321</u>

NATIONAL FOREST RECREATION AND ACCESS TRUST NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policy

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.

Income is acknowledged on an accrual basis.

2. Capital fund	2002/03	2001/02
	R	R
Balance at the beginning of the year	2 243 973	2 050 834
Net income for the year	269 348	193 139
Balance at the end of the year	<u><u>2 513 321</u></u>	<u><u>2 243 973</u></u>

NATIONAL FOREST RECREATION AND ACCESS TRUST - PARAGRAPH 4: CASH AND SECURITIES

1. REQUIRED CERTIFICATE

(a) Hereby attached securities and cash on hand as at 31 March 2001:

(i) Cash in bank	R	2 729.00
(ii) Securities		
Investments: Corporation for Public Deposits	R	2 241 244.00

ACCOUNTING OFFICER: NATIONAL FOREST RECREATION AND ACCESS TRUST

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.



Human Resources

In terms of the Treasury Regulations, the following information on the Department's Human Resources Management is provided in tabular format.

TABLE 1.1
Personnel costs by Programme

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Professional and special services (R'000)	Personnel cost as percent of total expenditure
P1: Administration	229 187	101 783	75920	44.4
P2: Water Resources Assessment	81 911	39 593	23268	48.3
P3: Integrated Water Resources Planning	42 402	8 782	30852	20.7
P4: Water Resources Development	248 135	79 701	72562	32.1
P5: Regional Implementation	2 534 082	125 600	962839	5
P6: Integrated Water Resources Management	79 060	18 764	32590	23.7
P7: Water Services	59 063	11 595	38040	19.6
P8: Forestry	403 291	276 066	40739	68.5
Special functions	3 493	0	0	0
Total	3 680 624	661 883	1276811	18

The above information excludes Trading Account expenditure

TABLE 1.2
Personnel costs according to salary band

Salary band	Personnel expenditure (R'000)	Percentage of total personnel cost	Average personnel cost per employee (R)	Total personnel expenditure	Number of employees
Lower skilled (Levels 1-2)	495 193	37.1	45034	1 334 038	10 996
Skilled (Levels 3-5)	270 215	20.3	63715	1 334 038	4 241
Highly skilled production (Levels 6-8)	327 746	24.6	127478	1 334 038	2 571
Highly skilled supervision (Levels 9-12)	170 622	12.8	249083	1 334 038	685
Senior management (Levels 13-16)	48 937	3.7	433071	1 334 038	113
Other	21 326	1.6	0	1 334 038	0
TOTAL	1334039	100	71699	1 334 038	18 606

TABLE 1.3

Salaries, overtime, home owners allowance (HOA) and medical aid by Programme

Programme	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Aid (R'000)	Medical ass. as % of personnel cost	Total Personnel Cost (R'000)
P1: Administration	53315	58.8	886	1	1401	1.5	4258	4.7	90645
P2: Water Resources Assessment	27674	65.2	137	0.3	770	1.8	2229	5.3	42440
P3: Integrated Water Resources Planning	5499	59.5	271	2.9	108	1.2	365	3.9	9248
P4: Water Resources Development	59762	59.1	7785	7.7	751	0.7	4476	4.4	101055
P5: Regional Implementation	79698	62.7	1225	1	1858	1.5	7155	5.6	127106
P6: Integrated Water Resources Management	11188	62.8	65	0.4	211	1.2	740	4.2	17827
P7: Water Services	5315	57.3	192	2.1	139	1.5	392	4.2	9274
P8: Forestry	74940	69.6	756	0.7	522	0.5	5115	4.8	107628
Trading Accounts and Other	570255	68.8	18989	2.3	4328	0.5	35228	4.3	828816
TOTAL	887646	66.5	30306	2.3	10088	0.8	59958	4.5	1334039

TABLE 1.4

Salaries, overtime, home owners allowance (HOA) and medical aid by salary band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Aid (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1-2)	359154	72.5	8680	1.8	1208	0.2	18666	3.8	495193
Skilled (Levels 3-5)	185983	68.8	11470	4.2	1593	0.6	12800	4.7	270215
Highly skilled production (Levels 6-8)	207986	63.5	7932	2.4	4370	1.3	19890	6.1	327746
Highly skilled supervision (Levels 9-12)	107636	63.1	2215	1.3	2656	1.6	6953	4.1	170622
Senior management (Levels 13-16)	26887	54.9	6	0	258	0.5	1654	3.4	48937
Other	4	0	0	0	0	0	0	0	21326
TOTAL	887650	66.5	30303	2.3	10085	0.8	59963	4.5	1334039

TABLE 2.1
Employment and vacancies by Programme

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
P1: Administration	864	668	22.7	49
P2: Water Resources Assessment	15834	9873	37.6	583
P3: Integrated Water Resources Planning	71	37	47.9	0
P4: Water Resources Development	1010	827	18.1	538
P5: Regional Implementation	1715	1006	41.3	46
P6: Integrated Water Resources Management	109	78	28.4	1
P7: Water Services	68	40	41.2	1
P8: Forestry	3090	1927	37.6	408
Trading Accounts and Other	6977	4149	40.5	1184
TOTAL	29738	18605	37.4	2810

Since only 4373 of the 11133 vacancies are funded the total number of posts should be 22978 and therefore the vacancy rate is only 19.03

TABLE 2.2
Employment and vacancies by salary band

Salary level	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	18347	11125	39.4	1756
Skilled (Levels 3-5)	6044	4168	31	776
Highly skilled production (Levels 6-8)	4199	2520	40	224
Highly skilled supervision (Levels 9-12)	1041	698	32.9	46
Senior management (Levels 13-16)	108	95	12	9
TOTAL	29 739	18 606	37.4	2 811

Since only 4373 of the 11133 vacancies are funded the total number of posts should be 22978 and therefore the vacancy rate is only 19.03

TABLE 3.1
Job Evaluation

Salary level	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts down-graded	% of down-graded posts evaluated
Lower skilled (Levels 1-2)	18347	136	0.7	50	36.8	0	0
Skilled (Levels 3-5)	6044	76	1.3	42	55.3	4	5.3
Highly skilled production (Levels 6-8)	4199	113	2.7	84	74.3	1	0.9
Highly skilled supervision (Levels 9-12)	1041	55	5.3	34	61.8	4	7.3
Senior Management Service Level A	82	0	0	0	0	0	0
Senior Management Service Level B	19	0	0	0	0	0	0
Senior Management Service Level C	6	0	0	0	0	0	0
Senior Management Service Level D	1	0	0	0	0	0	0
TOTAL	29 739	380	1.3	210	55.3	9	2.4

Total number of posts should be 22978 and therefor the percentage posts evaluated are 1.65%

TABLE 3.2
Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	15	2	1	8	26
Male	106	2	36	40	184
Employees with a disability	0	0	0	0	0
Total	121	4	37	48	210

TABLE 4.1
Annual turnover rates by salary level

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate* (%)
Lower skilled (Levels 1-2)	12 397	66	939	7.6
Skilled (Levels 3-5)	4 508	33	406	9
Highly skilled production (Levels 6-8)	2 612	135	198	7.6
Highly skilled supervision (Levels 9-12)	665	35	77	11.6
Senior Management Service	117	6	7	6
TOTAL	20 299	275	1 627	8

TABLE 4.2
Reasons why staff are leaving the Department

Termination type	Number	Percentage of Total Resignations	Resignations as % of total employment
Death, Permanent	316	19.4	1.6
Resignation, Permanent	640	39.3	3.2
Resignation, Temporary	9	0.6	0
Expiry of contract, Temporary	22	1.4	0.1
Dismissal-operational changes, Permanent	1	0.1	0
Discharged due to ill health, Permanent	46	2.8	0.2
Dismissal-misconduct, Permanent	10	0.6	0
Retirement, Permanent	556	34.2	2.7
Retirement, Temporary	4	0.2	0
Other, Permanent	21	1.3	0.1
Other, Temporary	2	0.1	0
TOTAL	1 627	100	8

TABLE 4.3
Promotions by salary band

Salary level	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Lower skilled (Levels 1-2)	12397	30	0.2	543	4.4
Skilled (Levels 3-5)	4508	72	1.6	236	5.2
Highly skilled production (Levels 6-8)	2612	114	4.4	151	5.8
Highly skilled supervision (Levels 9-12)	665	75	11.3	31	4.7
Senior Management	117	16	13.7	1	0.9
TOTAL	20 299	307	1.5	962	4.7

TABLE 5.1
Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Legislators, senior officials and managers	21	3	3	29	6	0	0	2	64
Professionals	598	80	19	408	208	16	14	167	1510
Clerks	260	12	5	28	405	21	17	215	963
Service and sales workers, Permanent	481	3	0	4	24	2	0	1	515
Craft and related trade workers	47	6	1	75	0	0	0	0	129
Plant and machine operators and assemblers	859	65	0	133	20	1	1	27	1106
Elementary occupations	2313	231	1	12	2145	11	0	1	4714
Other, Permanent	6884	215	20	252	2137	16	5	76	9605
TOTAL	11 463	615	49	941	4945	67	37	489	18606
Employees with disabilities	31	0	0	6	7	0	0	4	48

TABLE 5.2

Total number of employees (including employees with disabilities)
per occupational band

Occupational level	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	3	0	0	3	1	0	0	1	8
Senior Management	22	4	5	61	7	0	0	3	102
Professionally qualified & experienced specialists & mid-management	127	7	3	259	64	6	5	63	534
Skilled technical and academically qualified workers, junior management, supervisors, foremen	549	33	18	298	332	12	16	295	1553
Semi-skilled and discretionary decision making	1125	201	2	65	227	20	11	46	1697
Unskilled and defined decision making	9637	370	21	255	4314	29	5	81	14712
TOTAL	11463	615	49	941	4945	67	37	489	18606

TABLE 5.3

Recruitment

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	1	1	0	1	2	0	0	0	5
Professional qualified & experienced specialists & mid-management	6	0	1	6	13	1	1	2	30
Skilled technical and academically qualified workers, junior management, supervisors, foremen	41	2	6	16	36	1	1	21	124
Semi-skilled and discretionary decision making	22	2	1	3	14	2	2	1	47
Unskilled and defined decision making	41	0	0	2	23	1	0	1	68
TOTAL	111	5	8	29	88	5	4	25	275

TABLE 5.4

Promotions

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	0	0	0	0	0	0	0	1	1
Senior Management	5	2	0	7	0	0	0	1	15
Professionally qualified & experienced specialists & mid-management	46	4	3	28	15	2	0	18	116
Skilled technical and academically qualified workers, junior management, supervisors, foremen	139	6	7	37	70	6	2	37	304
Semi-skilled and discretionary decision making	266	6	0	14	77	6	4	9	382
Unskilled and defined decision making	451	13	0	4	282	2	0	1	753
TOTAL	907	31	10	90	444	16	6	67	1571
Employees with disabilities	1	0	0	2	2	0	0	0	5

TABLE 5.5

Terminations

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	2	0	0	0	1	1	0	2	6
Professional qualified & experienced specialists & mid-management	23	2	2	24	10	1	1	9	72
Skilled technical and academically qualified workers, junior management, supervisors, foremen	65	2	4	57	19	2	2	32	183
Semi-skilled and discretionary decision making	315	20	2	6	15	1	1	4	364
Unskilled and defined decision making	711	34	0	4	251	0	0	1	1001
TOTAL	1116	58	8	92	296	5	4	48	1627
Employees with disabilities	5	0	0	0	0	1	0	0	6

TABLE 5.6
Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Demotion	2	0	0	1	1	0	0	0	4
Dismissal	393	6	0	0	83	0	0	1	483
Final written warning	2	3	0	1	1	0	0	0	7
Suspended without payment	2	1	0	1	0	0	0	0	4
Written warning	3	2	0	0	1	0	0	0	6
Transferred	1	0	0	0	0	0	0	0	1
TOTAL	403	12	0	3	86	0	0	1	505

Table 6.1
Performance rewards by Race, Gender and Disability

	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, Female	272	4938	5.5	1 959	7 202
African, Male	405	11432	3.5	3 134	7 738
Asian, Female	5	37	13.5	72	14 400
Asian, Male	7	49	14.3	117	16 714
Coloured, Female	7	67	10.4	44	6 286
Coloured, Male	43	615	7	304	7 070
White, Female	191	485	39.4	2 282	11 948
White, Male	223	935	23.9	3 182	14 269
Employees with a disability	6	48	12.5	69	11 500
TOTAL	1 159	18 606	6.2	11 163	9632

Table 6.2

Performance rewards by salary band for personnel below Senior Management Service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	263	10996	2.4	1 060	4 030
Skilled (Levels 3-5)	221	4241	5.2	1 206	5 457
Highly skilled production (Levels 6-8)	449	2571	17.5	4 574	10 187
Highly skilled supervision (Levels 9-12)	160	685	23.4	2 910	18 188
TOTAL	1093	18493	5.9	9750	8920

TABLE 6.3

Performance Related Rewards (Cash Bonus) by Salary band for Senior Management Service

SMS Band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	37	87	42.5	730	1 973	2.1	35 179
Band B	15	18	83.3	353	2 353	4.2	8 381
Band C	6	6	100	194	3 233	5	3 907
Band D	2	2	100	67	3 350	4.6	1 469
TOTAL	60	113	53.1	1344	2240	2.7	48936

TABLE 7.1

Foreign Workers by Salary band

Salary band	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of Total
Lower skilled (Levels 1-2)	4	13.8	3	8.8	-1	-20
Skilled (Levels 3-5)	0	0	8	23.5	8	160
Highly skilled production (Levels 6-8)	7	24.1	6	17.6	-1	-20
Highly skilled supervision (Levels 9-12)	14	48.3	13	38.2	-1	-20
Senior management (Levels 13-16)	1	3.4	2	5.9	1	20
Other	3	10.3	2	5.9	-1	-20
TOTAL	29	100	34	100	5	100

TABLE 8.1
Sick leave

Salary level	Total days	% Days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total number of Employees	Total number of days with medical certification
Lower skilled (Levels 1-2)	31452	97.9	3466	31.2	9	3 748	11125	30804
Skilled (Levels 3-5)	11099	93.2	1410	33.8	8	1 652	4168	10346
Highly skilled production (Levels 6-8)	10154	86.3	1360	54	7	2 838	2520	8767
Highly skilled supervision (Levels 9-12)	2055	78.2	355	50.9	6	1 149	698	1608
Senior management (Levels 13-16)	293	78.5	56	58.9	5	425	95	230
Not Available	10	100	1	0	10	1	0	10
TOTAL	55063	94	6648	35.7	8	9813	18606	51765

TABLE 8.2
Disability Leave (Temporary and Permanent)

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees
Lower skilled (Levels 1-2)	1613	99.9	84	47.7	19	193	1611	11125
Skilled (Levels 3-5)	593	99.3	29	16.5	20	90	589	4168
Highly skilled production (Levels 6-8)	1006	98.6	48	27.3	21	297	992	2520
Highly skilled supervision (Levels 9-12)	177	97.2	13	7.4	14	115	172	698
Senior management (Levels 13-16)	7	100	2	1.1	4	10	7	95
TOTAL	3396	99.3	176	100	19	705	3371	18606

TABLE 8.3
Annual Leave

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	186786	20	9554
Skilled (Levels 3-5)	75987	20	3864
Highly skilled production (Levels 6-8)	50990	20	2569
Highly skilled supervision (Levels 9-12)	15180	21	717
Senior management (Levels 13-16)	2257	21	110
Other	9	3	3
Not Available	17	17	1
TOTAL	331226	20	16818

TABLE 8.4
Capped Leave

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2002	Number of Employees	Total number of capped leave available at 31 December 2002	Number of Employees as at 31 December 2002
Lower skilled (Levels 1-2)	91366	31	96	2 955	996319	10429
Skilled (Levels 3-5)	24684	8	131	2 955	486850	3727
Highly skilled production (Levels 6-8)	10256	3	114	2 955	246229	2169
Highly skilled supervision (Levels 9-12)	1807	1	95	2 955	56662	596
Senior management (Levels 13-16)	411	0	125	2 955	10150	81
TOTAL	128524	43	106	2955	1796210	17002

TABLE 8.5
Leave payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payouts for 2002/03 due to non-utilisation of leave for the previous cycle	172	65	2646
Capped leave payouts on termination of service for 2002/03	7 873	348	22624
TOTAL	8045	413	19479

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published during the year under review

Corporate Services

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Breede River Basin Study:

- Water Infrastructure and Irrigation Schemes, February 2003.
- Agriculture Water Demand, November 2002.

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Free Basic Water Implementation Strategy Document. Version 2, July 2002.

The Implementation of Free Basic Water in Rural Communities, Strategy and Guidelines, August 2002.

Prepayment Water Meters and Management Systems, July 2002.

Review of Technologies for Controlling Water Consumption, Technical Report, August 2002.

Review of Technologies for Controlling Water Consumption, Summary, August 2002

Learning and Sharing for Sustainable Water Supply and Sanitation. Synopsis booklet of Appropriate Technology Conference.

Attaining the WSSD Vision 21 goals; South Africa's Intervention Strategies booklet co-produced with WRC.

