

# Report of the Department of Water Affairs and Forestry

1 April 2001 - 31 March 2002

To the Minister of Water Affairs and Forestry.

I have pleasure in presenting this report on the work of the Department for the financial year ending 31 March 2002.



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Director-General  
Department of Water Affairs and Forestry

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# PART 1: General Information

## INTRODUCTION

The Department of Water Affairs and Forestry has continued to work towards building a better life for all who live in South Africa; and to ensure that this life is sustainable.

To address poverty, the Department continued to make inroads into the infrastructure backlog for basic water supply and sanitation by providing basic water supply infrastructure for 1.22 million people and improving sanitation for 49 535 households. This activity created almost 25 000 person years of temporary job opportunities from which 98 000 people benefited; 11 300 of whom received formal training. This pace of delivery was internationally recognised when the Community Water Supply and Sanitation Programme was chosen as the best programme at the "Globe Awards" for Sustainable Development in Water.

Implemented in partnership with local government, the Free Basic Water Programme continued to push back the frontiers of poverty. Some 26 million people – 66% of all those who have access to water infrastructure – benefited from the policy.

To ensure that South Africa's social and economic progress is sustainable, the Department's efforts with regard to water resources seek to ensure that the country has reliable sources of water and that those sources are unpolluted and fit for use.

This is achieved both by expanding the national water resource infrastructure and by engaging in water conservation and demand management. During the period under review the Department inaugurated the Inyaka Dam near Bushbuckridge on the boundary between the Limpopo and Mpumalanga provinces. This dam will ensure

water supply to some one million people who have faced constant water shortages in the past.

Meanwhile, an enormous effort was made with the establishment of water management institutions and public participation processes towards the establishment of catchment management agencies and implementing the water resource pricing strategy for which over 46 000 major water users were registered. The Working for Water Programme continued to eradicate invasive alien vegetation. The programme cleared 227 400 hectares, did follow-up work on 285 000 hectares and created short-term employment for over 17 000 people.

The implementation of the National Water Act continued to gain momentum. The approach to the implementation of this act will be systematised in the National Water Resource Strategy which was drafted during the year, and which Minister Ronnie Kasrils, MP, referred to as South Africa's "Blueprint for Survival".

In forestry a great deal of attention was focused on the restructuring of the forests run by the Department and Safcol. This effort has resulted in the transfer of staff and responsibility for management of the Department's large commercial forests to Safcol while the process of leasing large forests is almost complete. The emphasis here has been on ensuring black empowerment and economic benefits to those communities that rely on the forests. The Department's efforts have ensured that private companies and communities engage in innovative partnerships to the mutual benefit of each other.

The internal transformation of the Department continued to receive priority with particular emphasis on addressing the issue of representivity, which has seen the proportion of black members of the SMS (Senior Management Service) rise from 41% to 48%.

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

#### Senior management appointments

Race & Gender	Name	Rank	Date
African male	CM Lobakeng	Regional Director: North West	1/3/2002
African female	E Karar	Director: Integrated Catchment Management	1/8/2001
African male	LS Moloi	Director: Mechanical and Electrical Engineering	16/7/2001
African male	T Mosia	Chief Director: Finance	1/2/2002
African male	O Tenga	Director: Internal Audit	14/8/2001

#### Senior management resignations

Race & Gender	Name	Rank	Date
African male	N Lesufi	Regional Director: Free State	31/1/2002
White male	PG Reyneke	Regional Director: Forestry Northern Region	31/3/2002
White male	SC Vogel	Director: Water Resource Management Limpopo	30/9/2001
African male	J Mjwara	Director: Indigenous Forestry Management	31/8/2001
White female	E Waugh	Chief Director: Communication Services	20/11/2001

The year under review has certainly confirmed that this is a Department of committed individuals who despite the many strains and challenges rise to the fore to ensure a better life for all. My appreciation to all my staff for their efforts.

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

## Bills to Parliament

The Minister of Water Affairs and Forestry did not submit any bills to Parliament during the 2001/2002 financial year.

## International Visits

The Minister undertook the following international visits:

### 6-18 April 2001

The Peoples Republic of China - to strengthen bilateral relations between the two countries; especially on water related matters.

### 15 June 2001

Zimbabwe - to attend the SADC Council of Water Ministers' meeting.

### 17-23 June 2001

Cuba - to strengthen bilateral relations between the two countries, especially on water-related matters

### 23-27 June 2001

Mexico - to strengthen bilateral relations between the two countries with regard to forestry and water-related matters.

### 30 September to 4 October 2001

Russia - to attend the Conference on the African Renaissance and to hold bilateral meetings with his counterparts in this country

### 12-15 November 2001

United States of America - to attend the annual conference of the World Wildlife Fund where he delivered the keynote address.

### 03-07 December 2001

Germany - to attend the International Conference on Fresh Water and to participate in the international launch of the Water, Sanitation and Health (WASH) Campaign.

### 12-16 March 2002

New York - to attend the second session of the United Nations Forum on Forests.

## National Projects

The following national projects were undertaken during the year under review:

### 26 April 2001

The renaming of Arabie Dam to Flag Boshielo at the Sekhukhune area in the Northern Province.

### 14 August 2001

The launch of the Singisi Community Forestry Project in the Eastern Cape by the Minister.

### 1 to 7 September 2001

The hosting of Arbor Week, which was renamed "Iviki le Zihlahla", Zulu for "Week of Trees" by the Minister.

### 5 October 2001

The participation in an event to honour the seven millionth recipient of water at Port St John's in the Eastern Cape by the Minister.

### 5 November 2001

The participation in the KwaZulu-Natal Imbizo event held at Umzinyathi by the Minister.

### 6 November 2001

The participation in the North West Imbizo event held at Letlhabile by the Minister.

### 6 December 2001

The launch of the Siyaqhubeka Community Forestry Project at Richard's Bay in KwaZulu-Natal by the Minister.

**11 December 2001**

The official opening (accompanied by the Cuban Minister of Water Resources) of the Nondwene Bridge in the Northern Province by the Minister.

**15 January 2002**

The participation (together with the Minister of Health) in the meeting on cholera at Ladysmith in KwaZulu-Natal by the Minister.

**30 to 31 January 2002**

The launch of the State of the Rivers report on the Letaba and Luvuvhu rivers in the Northern Province by the Minister.

**18 to 24 March 2002**

The attending of national Water Week events and visits to Ladysmith, Midrand, Johannesburg, Mqanduli (Eastern Cape) and Inyaka Dam (Mpumalanga) by the Minister.

**Cabinet Memoranda**

**12 September 2001**

A cabinet memorandum was issued for the publication of the White Paper on Sanitation.





## 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 cooperation throughout our region; of playing our part in the African Renaissance.

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

## OUR VALUES

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

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

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

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

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

## 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;

## 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.

*Your partner in building a better life for all!*



## LEGISLATIVE MANDATE

The Department is mandated –

**By the National Water Act (No. 36 of 1998):**

to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act establishes the national government, acting through the Minister of Water Affairs and Forestry, as the public trustee of the nation's water resources, with power to regulate the use, flow and control of all water in the Republic.

**By the Water Services Act (No. 108 of 1997):**

to create a developmental regulatory framework within which water services can be provided. The Act defines service institutions, their roles and responsibilities. Schedule 4 of the Constitution of the Republic of South Africa (Act 108 of 1996) vests the responsibility for water and sanitation services, limited to potable water supply systems and domestic waste water and sewage disposal systems, in local government. However, 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 Schedule 4 and 5 of the Constitution, by regulating the exercising 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 forests and plantations) 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, infra-structure, 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 that 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 responsible for the Department of Water Affairs and Forestry:

#### Trans-Caledon Tunnel Authority

In terms of the 1986 treaty on the Lesotho Highlands Water Project between Lesotho and South Africa, South Africa was obliged to establish the Trans-Caledon Tunnel Authority (TCTA) to implement the project on the South African side. This was done in terms of the Water Act of 1956. The establishment notice was completely revised by Government Notice 2017 of 24 March 2000 under the National Water Act of 1998, which empowers the Minister of Water Affairs and Forestry to direct the TCTA to undertake activities outside the scope of the Lesotho Highlands Water Project.

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 the government in respect of the project. Other functions related to the financing of water infrastructure are under consideration in the context of specific projects and the Department's overall restructuring. In 2001 the Minister directed the TCTA to undertake the treasury management function of Umgeni Water.

The chief executive and management report to a board of directors who govern the TCTA. Government control of the TCTA is exercised through the Minister's power to appoint all board members.

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 the purpose of the Act. The TCTA is authorised by the National Treasury to borrow up to R16 billion until 2003, after which the borrowing limit 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 dams in a manner that will optimise the benefits from this shared water project. Transfers for 2001/02 amount to R151,8 million. Over the next three years transfers will amount to R159,6

million, R170,8 million and R170,8 million respectively.

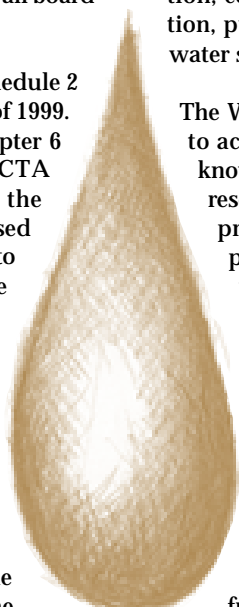
#### Water Research Commission

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

During this financial year, the WRC funded research to the value of R60 247 796 for research projects and research support services and R6 509 789 for knowledge dissemination/technology transfer. Commission-funded projects play an important role in developing human resources for water-related activities.

During this financial year, the WRC funded research to the value of R60 247 796 for research projects and research support services and R6 509 789 for knowledge dissemination/technology transfer.



### Water Boards

Chapter 6 of the Water Services Act (No 108 of 1997) provides the legislative framework within which water boards operate. In terms of the Act, the primary activity of a water board is to provide water services to other water service 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 undertake other activities as long as these activities do not affect their ability to perform their primary activity and do 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 are accountable to the Minister of Water Affairs and Forestry and must ensure that the Board performs within the parameters defined by the Act and according to the Board's agreed policy statement and business plan.

Four of the water boards have applied to be reconstituted as water user associations as provided for in the National Water Act.

### Water Boards:

- ▶ Albany Coast Water Board
- ▶ Amatola Water Board
- ▶ Bloem Water
- ▶ Botshelo Water Board(formerly North West Water Supply Authority)
- ▶ Bushbuckridge Water Board
- ▶ Ikangala Water
- ▶ Lepelle Northern Water
- ▶ Magalies Water
- ▶ Mhlathuze Water
- ▶ Namakwa Water
- ▶ Overberg Water
- ▶ Pelladrift Water Board
- ▶ Rand Water
- ▶ Sedibeng Water
- ▶ Umgeni Water

### Financial position of the fifteen Water Boards in South Africa

	R'000	
	2001 actual	2002 budget*
Revenue	3 591 075	4 023 633
Operating expenses (including cost of sales)	2 882 612	3 054 954
Cost of sales	1 150 947	1 242 013
Net operating income	708 465	968 679
Net finance charges	621 103	698 615
Net income	87 362	270 064
Accumulated reserves	3 084 462	3 288 639
Fixed assets	8 618 538	9 055 018
External debt	7 325 841	7 648 015

\* The budget figures do not include Albany Coast, Namaqua Water and Pelladrift Water

Sources of information: Annual reports of the water boards for 2000/2001 and Water Board business plans for 2002

Water boards in the financial year 2001

Water board	Revenue	Operating expenses income	Net operating charges	Net finance	Net income	Fixed assets	External debt
Albany Coast	1 733	877	856	183	673	126	2 786
Amatola Water	44 633	71 472	- 26 839	2 669	- 24 170	257 166	
Bloem Water	101 842	67 849	33 993	33 211	782	359 000	373 000
Botshelo Water	78 429	78 036	393	1 000	1 393	11 736	
Bushbuckridge	7 638	14 259	- 6 621		- 6 621	60 242	
Ikangala	2 506	1 949	557	146	703		
Lepelle Northern	114 328	50 735	63 593	41 682	21 911	475 818	393 415
Magalies Water	72 874	44 533	28 341	393	27 948	486 433	142 066
Mhlathuze Water	97 026	72 584	24 442	22 292	2 150	231 469	201 333
Namaqua	8 062	6 406	1 656	1 295	361	95 275	13 158
Overberg	13 080	11 171	1 909		1 909	47 689	35 041
Pelladrift	5 207	4 347	860	186	674	10 838	3 630
Rand Water	2 180 150	1 902 422	277 728	143 628	134 100	3 872 203	2 117 643
Sedibeng	204 637	115 034	89 603	38 010	51 593	288 415	288 040
Umgeni Water	620 645	414 731	205 914	345 099	-139 185	4 744 644	3 754 496
Total	3 552 790	2 856 405	696 385	622 164	74 221	10 941 054	7 324 608

## PUBLICATIONS AND KEY DOCUMENTS PUBLISHED DURING THE YEAR UNDER REVIEW

### Water Resources: Catchment Management

- ▶ Integrated Water Resource Management Series, Subseries No. MS6.1, Guidelines on the establishment and management of catchment forums: in support of integrated water resource management. First edition. Pretoria, 2001.
- ▶ Guidelines on the establishment and management of catchment forums: in support of integrated water resource management. First edition. October 2001.
- ▶ Discussion papers on the establishment and management of catchment forums. October 2001.
- ▶ Guidelines on the establishment and management of catchment forums. March 2002 (on CD-ROM).

### Water Resources: Water Quality

- ▶ Managing the water quality effects of settlements. An interactive guide to implementation. March 2002 (on CD-ROM).
- ▶ Addendum 1 to Edition 1 (1997) of document: Permissible utilisation and disposal of sewage sludge. March 2002.

### Water Resources: Waste

- ▶ Directions in terms of Section 20(5) of the Environment Conservation Act, 1989 (Act 73 of 1989) with regard to the control and management of general communal and general small waste disposal sites. Government Gazette No. 23053 of 1 February 2002.

### Water Resources: Price

- ▶ Water pricing: list of water use charges (tariffs) for government water schemes for 2002/03.
- ▶ List of sectoral water resource management charges for 19 water management areas for 2002/03.

### Water Resources: Other

- ▶ Streamflow reduction allocations: generic public participation guidelines.
- ▶ Comprehensive determination of water resource reserve, groundwater component (draft version 1.0). January 2000, E Braune et al.
- ▶ Policy and strategy for groundwater quality management in South Africa. First edition. 2000. L Bredendam/E Braune.

### Water Services

- ▶ Guideline for the management of waterborne epidemics, with the emphasis on cholera coordination, communication, action and monitoring. Edition 1. 2001.
- ▶ Free basic water/key issues for local authorities. Date and place of publication.
- ▶ Water supply service levels: a guide for local authorities. Date and place of publication.
- ▶ Information leaflet: Model WSP/WSA contracts/by-laws. Date and place of publication.
- ▶ Free basic water: guidelines for local authorities. Date and place of publication.
- ▶ Free basic water: a summary for local authorities. Date and place of publication.

- ▶ Model water services by-laws guideline for local government. Date and place of publication.
- ▶ Regulations in terms of Sections 9 and 10 of the Water Services Act, No. 108 of 1997, promulgated in June/July 2001. Date and place of publication.

## Forestry

- ▶ Towards sustainable management based on scientific understanding of natural forests woodlands. Proceedings: Natural Forests and Woodlands Symposium II. Knysna. Government Printer, Pretoria. AHW Seydack, WJ Vermeulen. April 2001.
- ▶ Guide to the management access to state forests for recreation, education, culture or spiritual fulfilment. IJ van der Merwe. December 2001.
- ▶ Report on communities and woodlots associated with primary conservation areas. Vuyakazi, Mbeleni & Stephen Keet Associates. July 2001.

## Working for Water

- ▶ Working for Water annual report.
- ▶ Working for Water Research Programme annual report.
- ▶ Alien weeds and invasive plants – a comprehensive guide to declared weeds and invaders in South Africa. LHenderson. Agricultural Research Council and Department of Water Affairs and Forestry. 2001.



# PART 2: Human Resources

## Human Resource Management

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

**TABLE 2.1 – Personnel costs by programme, 2001/ 02**

This table identifies which programmes are labour intensive and those that are not, and also identifies which programme uses highly skilled people and which use lower skilled people.

Programme	Personnel expenditure (R'000)	Average personnel cost per employee (R'000)
Administration (P1)	70 002	102
Afforestation Permit Control (Policy)	4 085	89
Bulk Water Supply (P#) Fund 7601	89 455	62
Commercial Forestry Trading Account Fund 7801	181 593	52
Community Water Supply and Sanitation	3 878	228
Forestry Programme 8: Fund 1000	97	55
Community Water Provisioning and Sanitation	454	227
Integrated Catchment Management Programme 6: Fund 1000	1 506	188
Integrated Catchment Management Fund 7601: Programme 1	47 946	99
Integrated Systems: Fund 7601: Programme 2	70 340	74
Lesotho Highlands Development Authority	1 462	292
Maintenance and operation (Cu): Community Water	2 883	262
Organisation Development (Current)	3 007	167
Planning and construction (C): Community Water Supply	1 923	275
Regional Implementation Programme 5: Fund 1000	120 675	112
Water Quality Management: Programme 6: Fund 1000	777	86
Water Resource Assessments (P2)	37 618	127
Water Resource Development (P4) Fund 1000	85 420	96
Water Resource Planning (P3): Fund 1000	8 370	220
Water Resource Utilisation (P6))	7 422	195
Water Services (P4): Fund 7601	425 927	48
Water Utilisation: Programme 6: Fund 1000	5 298	189
<b>Total</b>	<b>1 267 283</b>	<b>63</b>

In the previous financial year personnel expenditure amounted to R1 147 734 000. The increase of R119,549 million during this financial year is due to salary increases, etc.

**TABLE 2.2**  
**Personnel costs according to salary level: 2001/ 2002**

This table reflects the personnel expenditure according to salary level.

Salary level	Personnel expenditure (R'000)	Average personnel cost per employee (R'000)
Professionals	7 198	232
Salary level 1 to 2	519 522	43
Salary level 3 to 5	255 718	57
Salary level 6 to 8	297 948	111
Salary level 9 to12	158 575	210
Salary level 13 to14	24 422	382
Salary level 15 to16	2 569	514
* Salary unclassified	629	210
<b>Total</b>	<b>1 267 305</b>	<b>63</b>

\* Includes casual and contract workers.

The fact that the greatest expenditure is on salary levels 1 and 2 indicates that the Department's skills base comprises mainly lower skilled employees.

**TABLE 2.3**  
**Overtime, allowances and benefits per programme: 2001/ 2002**

This table reflects the composition of personnel expenditure and identifies those programmes with high expenditure outside salaries.

Programme	Overtime		Allowances		Benefits	
	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs
Administration (P1)	963	1.38	12 950	18.50	11 424	16.32
Afforestation Permit Control (Policy)	0	0.00	3 985	97.55*	18	0.44
Bulk Water Supply (P#) Fund 7601	5 240	5.86	15 665	17.51	13 020	14.55
Commercial Forestry Trading Account Fund 7801	1 862	1.03	21 319	11.74	25 949	14.29
Community Water Supply and Sanitation	91	2.35	1 128	29.09	517	13.33
Forestry Programme 8: Fund 1000	840	0.86	12 805	13.17	13 806	14.20

Programme	Overtime		Allowances		Benefits	
	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs
Community Water Provisioning and Sanitation	0	0.00	130	28.63	50	11.01
Integrated Catchment Management Programme 6: Fund 1000	2	0.13	239	15.87	222	14.74
Integrated Catchment Management Fund 7601: Programme 1	416	0.87	11 460	23.90	7 179	14.97
Integrated Systems: Fund 7601: Programme 2	4 790	6.81	11 421	16.24	10 233	14.55
Lesotho Highlands Development Authority	0	0.00	376	25.72	182	12.45
Maintenance and operation (Cu) Community Water	124	4.30	714	24.77	395	13.70
Organisation Development (Current)	74	2.46	740	24.61	413	13.73
Planning and Construction (C): Community Water Supply	79	4.11	465	24.18	277	14.40
Regional Implementation Programme 5: Fund 1000	1 735	1.44	21 648	17.94	19 868	16.46
Water Quality Management: Programme 6: Fund 1000	0	0.00	162	20.85	129	16.60
Water Resource Assessments (P2)	213	0.57	5 896	15.85	6 279	16.69
Water Resource Development (P4): Fund 1000	7 796	9.13	15 937	18.66	11 613	13.60
Water Resource Utilisation (P6)	267	3.19	2 011	24.03	1 140	13.62
Water Services (P4): Fund 7601	30	0.40	1 395	18.80	1 151	15.51
Water Utilisation: Programme 6: Fund 1000	8 278	1.94	48 252	11.33	62 681	14.72
Water Utilisation: Programme 6: Fund 1000	10	0.19	1 138	21.48	765	14.44
<b>Total</b>	<b>32 810</b>	<b>2.59</b>	<b>1 89 836</b>	<b>14.98</b>	<b>187 313</b>	<b>14.78</b>

\* This high expenditure is due to the privatisation of forestry and payment of package.

- Allowances are the remaining personnel expenditure once overtime, benefits and salaries have been calculated.
- Benefits are the sum of the employer's pension contribution, the home owners' allowance and the medical aid contribution.

**TABLE 2.4****Overtime, allowances and benefits according to salary level: 2001/ 2002**

This table reflects how overtime, benefits and allowances are utilised in the different salary levels.

Salary level	Overtime		Allowances		Benefits	
	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs
Professionals	0	0.00	2 698	37.48	809	11.24
Salary level 1 to 2	10 664	2.05	57 078	10.99	73 006	14.05
Salary level 3 to 5	11 900	4.65	30 143	11.79	38 405	15.02
Salary level 6 to 8	7 734	2.60	55 120	18.50	48 620	16.32
Salary level 9 to12	2 509	1.58	35 608	22.45	23 195	14.63
Salary level 13 to14 (professionals)	1	0.00	7 946	32.54	2 917	11.94
Salary level 15 to16	0	0.00	809	31.49	232	9.03
* Salary unclassified	0	0.00	316	50.24	27	4.29
<b>Total</b>	<b>32 808</b>	<b>2.59</b>	<b>189 843</b>	<b>14.98</b>	<b>187 316</b>	<b>14.78</b>

\* Casual and contract workers.

**TABLE 3.1**  
**Number of employees on establishment per programme**

This table compares the number of employees in each programme.

Programme	Approved establishment	
	1 April 2001	31 March 2002
Administration (P1)	608	625
Afforestation Permit Control (Policy)	1	1
Bulk Water Supply (P#) Fund 7601	1 609	1 353
Commercial Forestry Trading Account Fund 7801	4 446	3 482
Community Water Supply and Sanitation	19	16
Forestry Programme 8: Fund 1000	2 003	1 773
Community Water Provision and Sanitation	2	2
Integrated Catchment Management Programme 6: Fund 1000	7	7
Integrated Catchment Management Fund 7601: Programme 1	310	444
Integrated Systems: Fund 7601: Programme 2	1 030	945
Lesotho Highlands Development Authority	5	5
Maintenance and operation (Cu) Community Water	14	11
Organisation Development (Current)	11	17
Planning and construction (C): Community Water Supply	7	7
Regional Implementation Programme 5: Fund 1000	1 106	1 061
Unknown	458	302
Water Quality Management: Programme 6: Fund 100	0	8
Water Resource Assessments (P2)	277	292
Water Resource Development (P4): Fund 1000	821	885
Water Resource Planning (P3): Fund 1000	46	35
Water Resource Utilisation (P6))	43	36
Water Services (P4): Fund 7601	9 096	8 851
Water Utilisation: Programme 6: Fund 1000	22	24
<b>Total</b>	<b>21 941</b>	<b>20 182</b>

**TABLE 3.2****Employment and vacancies per programme: 31 March 2002**

This table reflects the number of vacancies, including those additional to the establishment post, in a specific programme. Establishment is determined as those posts on PERSAL with the establishment indicator approved. It does not reflect the true position with respect to vacancies that are being addressed by the PERSAL clean-up process and the construction of a new departmental establishment.

Programme	Establishment	Number of employees	Vacancy rate	Additional to the establishment
Administration (P1)	614	625	-1.79	12
Afforestation Permit Control (Policy)	1	1	0.00	0
Bulk Water Supply (P#) Fund 7601	1 364	1 353	0.81	63
Commercial Forestry Trading Account Fund 7801	1 304	3 482	-167.02	2 186
Community Water Supply and Sanitation	14	16	-14.29	2
Forestry Programme 8: Fund 1000	993	1 773	-78.55	781
Community Water Provisioning and Sanitation	2	2	0.00	0
Integrated Catchment Management Programme 6: Fund 1000	6	7	-16.67	1
Integrated Catchment Management Fund 7601: Programme 1	386	444	-15.03	58
Integrated Systems: Fund 7601: Programme 2	865	945	-9.25	81
Lesotho Highlands Development Authority	4	5	-25.00	1
Maintenance and operation (Cu) Community Water	11	11	0.00	0
Organisation Development (Current)	15	17	-13.33	2
Planning and construction (C): Community Water Supply	7	7	0.00	0
Regional Implementation Programme 5: Fund 1000	988	1 061	-7.39	74
Unknown	152	302	-98.68	150
Water Quality Management: Programme 6: Fund 100	8	8	0.00	0
Water Resource Assessments (P2)	263	292	-11.03	31
Water Resource Development (P4): Fund 1000	297	885	-197.98	590
Water Resource Planning (P3): Fund 1000	35	35	0.00	0
Water Resource Utilisation (P6))	36	36	0.00	0
Water Services (P4): Fund 7601	7 602	8 851	-16.43	1 256
Water Utilisation: Programme 6: Fund 1000	24	24	0.00	0
<b>Total</b>	<b>14 991</b>	<b>20 182</b>	<b>-34.63</b>	<b>5 288</b>

**TABLE 3.3****Employment and vacancies according to salary level: 31 March 2002**

This table reflects the vacancies, including those additional to the establishment posts, in a specific salary band. Establishment is determined as those posts on PERSAL with only the establishment indicator approved.

Salary band	Establishment	Number of employees	Vacancy rate	Additional to the establishment
Professionals	29	31	-6.90	2
Salary level 1 to 2	8 639	12 344	-42.89	* 3 766
Salary level 3 to 5	3 299	4,463	-35.28	1,184
Salary level 6 to 8	2 325	2,598	-11.74	287
Salary level 9 to 12	629	676	-7.47	49
Salary level 13 to 14	61	61	0.00	0
Salary level 15 to 16	5	5	0.00	0
<b>Total</b>	<b>14 991</b>	<b>20 182</b>	<b>-34.63</b>	<b>5 288</b>

\* This is due to restructuring of the commercial forestry component of the Department where lower level employees do not have posts on the fixed establishment.

**TABLE 4.1****Job evaluation: 1 April 2001 to 31 March 2002**

This table reflects progress with the implementation of job evaluation in the Department and the results of the process.

Salary level	Number of jobs evaluated	Posts upgraded		Posts downgraded	
		Number	% of total	Number	% of total
Salary level 1 to 2	594	404	46.1	0	0.00
Salary level 3 to 6	29	8	0.9	1	0.1
Salary level 7 to 8	98	40	4.6	6	0.7
Salary level 9 to 12	128	27	3.1	11	1.3
Salary level 13 to 14	21	1	0.1	2	0.2
Salary level 15 to 16	6	0	0.00	0	0.00
<b>Total</b>	<b>876</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

**TABLE 5.1****Appointments, promotions and terminations: 1 April 2001 to 31 March 2002**

This table reflects the extent of movement and promotions in the Department according to race, gender and disability. Promotions refer to all personnel promoted from one salary level to another. Terminations and transfers refer to all personnel leaving the Department; whether to another Public Service Department or elsewhere. This does not include retirements, deaths, abscondments and terminations due to reorganisation (transfers).

Race and gender	Employees 1 April 2001	Appointments and transfer	Promotions	Terminations and transfers	Net % change
African female	5 763	84	50	21	1.09
African male	13 683	241	184	24	1.59
Asian female	38	3	3	1	5.26
Asian male	50	4	3	1	6.00
Coloured female	58	1	2	2	-1.72
Coloured male	740	25	27	1	3.24
White female	544	20	27	5	2.76
White male	1 078	45	31	3	3.90
Employees with a disability	61	0	0	0	0.00
<b>Total</b>	<b>22 015</b>	<b>423</b>	<b>327</b>	<b>58</b>	<b>1.85</b>

An overall decline in the recruitment of employees was evident due to restructuring. The decline in promotions was due to the termination of rank promotions from 1 July 2001. These figures could differ from Table 3.1 due to casual employees also being included.

**TABLE 5.2****Annual turnover rates according to salary band**

This table reflects the extent of movement in the Department according to salary band. Promotions refer to all personnel promoted from one salary level to another. Terminations and transfers refer to all personnel who leave the Department; whether to another Public Service Department or elsewhere. This does not include retirements, deaths, abscondments and terminations due to reorganisation (transfers).

Salary level	Appointments and transfers	Terminations and transfers	Turnover rate
Salary level 1 to 2	263	1	1.85
Salary level 3 to 5	64	7	1.29
Salary level 6 to 8	72	7	2.67
Salary level 9 to 12	22	10	1.78
Salary level 13 to 14	2	0	3.64
Salary level 15 to 16	0	0	0.0
<b>Total</b>	<b>423</b>	<b>258</b>	<b>1.85</b>



**Table 5.3**  
**Reasons for staff leaving the Department**

Termination type	Number	Per 100 000 employees
Death	221	1 092
Discharged due to ill-health	39	193
Dismissal – inefficiency	0	0
Dismissal – misconduct	22	109
Dismissal – operational changes	45	222
Expiry of contract	6	30
Other	5	25
Resignation	1095	5 411
Retirement	204	1 008
<b>Total</b>	<b>1 637</b>	

Resignation includes terminations due to restructuring such as transfers to Safcol/Singisi (± 950).

**TABLE 6.1**  
**Progress made with respect to affirmative action: 2001/ 2002**  
**[Employees at levels below the Senior Management Structure]**

This table reflects the progress made with representivity in the Department excluding the Senior Management Structure.

Race and gender	Status - 2001/2002			
	1 April 2001		Actual number at 31 March 2002	
	No	%	No	%
African female	5 701	26.35	5 163	25.50
African male	13 338	61.67	12 517	62.06
Asian female	36	0.16	43	0.21
Asian male	50	0.23	47	0.23
Coloured female	80	0.36	89	0.44
Coloured male	748	3.45	772	3.83
White female	559	2.58	535	2.65
White male	1 058	4.89	997	4.94
* Employees with a disability	58	0.26	55	0.27
<b>Total</b>	<b>21 628</b>		<b>20 168</b>	
<b>Total Black</b>	<b>20 011</b>	<b>92.52</b>	<b>18 636</b>	<b>92.40</b>
<b>Total white</b>	<b>1 617</b>	<b>7.47</b>	<b>1 532</b>	<b>7.59</b>
<b>Total female</b>	<b>6 373</b>	<b>29.48</b>	<b>5 830</b>	<b>28.91</b>
<b>Total male</b>	<b>15 252</b>	<b>70.52</b>	<b>14 333</b>	<b>71.07</b>

\* The information on disabled employees on PERSAL is not correct. A survey is being done to ratify this information.

The affirmative action target for employees at levels below the Senior Management Structure is as follows:

Black employees: 50%  
 Female employees: 30%  
 Disabled employees: 2%

**TABLE 6.2**

**Progress with respect to affirmative action, Senior Management Structure: 2001/2002**

This table reflects the progress made with representivity in the Senior Management Structure.

Progress - 2001/2002				
Race and gender	1 April 2001		Actual number at 31 March 2002	
	No	%	No	%
African female	6	8.82	7	10.14
African male	16	23.52	18	26.08
Asian female	1	1.47	0	0
Asian Male	4	5.88	6	8.69
Coloured female	0	0	1	1.45
Coloured male	1	1.47	1	1.45
White female	5	7.35	6	8.69
White male	34	5	29	42.02
Employees with a disability	1	2.94	1	2.90
<b>Total</b>	<b>68</b>		<b>69</b>	
<b>Total Black</b>	<b>29</b>	<b>42.65</b>	<b>34</b>	<b>49.27</b>
<b>Total white</b>	<b>39</b>	<b>57.35</b>	<b>35</b>	<b>50.72</b>
<b>Total female</b>	<b>12</b>	<b>17.64</b>	<b>14</b>	<b>20.28</b>
<b>Total male</b>	<b>56</b>	<b>82.35</b>	<b>55</b>	<b>79.71</b>

The affirmative action target for the Senior Management Structure is as follows:

Black employees: 50%  
 Female employees: 30%  
 Disabled employees: 2%

### Filling of vacant Senior Management Structure posts during 2001/2002

Vacant posts as at 31 March 2002	Posts filled from 1 April 2001 to 31 March 2002
Director: Integrated Catchment Management	01/08/2001 (E Karar)
Director: Mechanical and Electrical Engineering	16/07/2001 (LS Moloi)
Chief Director: Finance	01/02/2002 (T Mosia)
Director: Internal Audit	14/08/2001 (O Tenga)
Regional Director: North West	01/03/2002 (CM Lobakeng)
Chief Director: Central Regions	Vacant
Regional Director: Free-State	Vacant
Director Water Services: Mpumalanga	Vacant
Director: Labour Relations	Vacant
Chief: Director: Eastern Cape	Vacant
Director Water Resource Management: Limpopo	Vacant
Director: Indigenous Forest Management	Vacant
Chief Director: Water Use and Conservation	Vacant
Chief Director: Water Services	Vacant
Director: Forestry (Central Regions)	Vacant
Director: Intervention Operational Support	Vacant

**TABLE 7.1**

### Performance rewards according to race, gender and disability: 1 April 2001 to 31 March 2002

This table reflects the race, gender and disability profile of personnel who received performance rewards. Only the cash rewards are calculated based on the allowance codes for merit awards.

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Per capita cost
African female	149	5 170	2.88	658	12 654
African male	336	12 535	2.68	1 695	18 423
Asian female	7	43	16.28	12	2 000
Asian male	9	53	16.98	46	9 200
Coloured female	9	90	10.00	21	4 200
Coloured male	21	723	2.90	98	5 444
White female	14	541	26.80	1 146	19 424
White male	271	1 026	26.41	2 430	37 385
* Employees with a disability	1	56	1.79	5	5 000
<b>Total</b>	<b>947</b>	<b>20 237</b>	<b>4.68</b>	<b>6 111</b>	<b>20 168</b>

\* Disability information is not correct on PERSAL.

**TABLE 7.2**

**Performance rewards according to salary level: 1 April 2001 to 31 March 2002**

This table reflects the awarding of performance rewards according to salary band. Only the cash rewards are calculated based on the allowance codes for merit awards.

Salary level	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Per capita
Salary level 1 to 2	254	12 188	2.08	4 581	803
Salary level 3 to 5	145	4 497	3.22	557	3 841
Salary level 6 to 8	329	2 693	12.22	2 709	8 234
Salary level 9 to12	194	756	25.66	2 352	12 124
Salary level 13 to14	25	64	39.06	0	0
Salary level 15 to16	0	5	0.00	0	0
<b>Total</b>	<b>947</b>	<b>20 206</b>	<b>4.68</b>	<b>6 111</b>	<b>6 453</b>

**TABLE 8.1**

**Foreign workers: 1 April 2001 to 31 March 2002**

This table reflects the extent to which the Department utilises foreign workers.

Salary level	1 April 2001		31 March 2002	
	Number	% of total	Number	% of total
Salary level 1 to 2	0	0.00	0	
Salary level 3 to 5	0	0.00	0	
Salary level 6 to 8	1	0.00	0	
Salary level 9 to12	3	62.50	5	
Salary level 13 to14	0	25.00	2	
Salary level 15 to16	0	12.50	0	
<b>Total</b>	<b>4</b>	<b>100.00</b>	<b>7</b>	

The Department's recruitment and selection policy makes provision for the appointment of foreigners only in scarce occupational groups and only where there is no suitable candidate from within the country.

**TABLE 9.1****Sick leave: 1 April 2001 to 31 March 2002**

This table reflects utilisation of sick leave according to salary band.

Salary level	Total days ('000)	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Salary level 1 to 2	20 904	1 891	13	11.05	7 972 337
Salary level 3 to 5	5 594	617	12	9.07	1 011 983
Salary level 6 to 8	6 782	757	31	8.96	2 298 989
Salary level 9 to12	1 440	202	30	7.13	283 698
Salary level 13 to14	165	19	34	8.68	6 588
Salary level 15 to16	4	2	50	2.00	18
* Salary unclassified	165	15	0,42	11.00	2 343
<b>Total</b>	<b>35 054</b>	<b>3 503</b>	<b>9</b>	<b>10</b>	<b>12 205 957</b>

\* Includes casual employees.

With the auditing of leave records all leave forms have been taken into consideration and leave has been updated. The high number of days taken at level 1 and 2 reflects the fact that the Department has a large number of employees at this level who perform physical labour.

**TABLE 9.2****Disability leave (temporary and permanent): 1 April 2001 to 31 March 2002**

This table reflects the utilisation of disability leave according to salary band.

Salary level	Total days taken ('000)	Number of employees taking disability leave	Average per employee	Estimated cost (R'000)
Salary level 1 to 2	939	33	28.45	5 673
Salary level 3 to 5	552	14	39.43	1 933
Salary level 6 to 8	420	10	42.00	2 207
Salary level 9 to12	0	0	0.00	0
Salary level 13 to14	0	0	0.00	0
Salary level 15 to16	0	0	0.00	0
<b>Total</b>	<b>1 911</b>	<b>57</b>	<b>0.00</b>	<b>9 813</b>

**TABLE 9.3**  
**Annual leave: 1 April 2001 to 31 March 2002**

This table reflects the utilisation of leave according to salary band.

Salary level	Total days taken ('000)	Number of employees in grade	Average per employee
Professionals	0	1	0.00
Salary level 1 to 2	204 107	14 155	14.42
Salary level 3 to 5	61 596	4 417	13.95
Salary level 6 to 8	44 044	2 438	18.07
Salary level 9 to 12	13 066	673	19.41
Salary level 13 to 14	1 256	55	22.84
Salary level 15 to 16	116	4	29.00
<b>Total</b>	<b>324 185</b>	<b>36 527</b>	<b>8.89</b>

**TABLE 9.4**  
**Leave pay-outs**

This table reflects the value of leave pay-outs. Currently PERSAL cannot distinguish between the different categories of leave pay-outs. This includes long service discounting and pay-outs of annual leave at expiry of cycle.

Reason	Total amount (R'000)	Number of employees	Average per employee
Leave accrued before 30 June 2001	0	0	0
Non-utilisation of leave for current cycle	4 767	415	11 487
<b>Total</b>	<b>4 767</b>	<b>415</b>	<b>11 487</b>

**TABLE 12.1**  
**Injury on duty: 1 April 2001 to 31 March 2002**

Nature of injury on duty	Number	% of total
Requiring basic medical attention only	309	73,40
Temporary total disablement	78	18,53
Permanent disablement	21	4,99
Fatal *	13	3,09
<b>Total</b>	<b>421</b>	<b>100,00</b>

\* This was due to drowning, car accidents and crime-related cases (hijackings etc.)

**TABLE 10.1****Collective agreements: 1 April 2001 to 31 March 2002**

Nine collective agreements (prioritised policies) were approved in the Departmental chambers on 12 December 2001. This only reflects Departmental agreements. This information is not available on PERSAL but will be available at Labour Relations.

## Organisation consultancy services (work study)

**Table 4.1: Job evaluation: 1 April 2001 to 31 March 2002**

Salary level	Establishment	No of jobs evaluated 2001 to 2002	No of jobs evaluated 2000 to 2001	Posts upgraded 2001 to 2002	Posts upgraded 2000 to 2001	Posts downgraded 2001 to 2002	Posts downgraded 2000 to 2001
Salary level 1 to 2	16 885	594	1	404	0	0	0
Salary level 3 to 5	1 561	29	5	8	2	1	0
Salary level 6 to 8	532	98	20	40	7	6	1
Salary level 9 to 12	203	128	70	27	3	11	8
SMS	86	27	6	1	0	2	0
<b>Total</b>	<b>19 267</b>	<b>876</b>	<b>102</b>	<b>480</b>	<b>12</b>	<b>20</b>	<b>9</b>

**Table 4.3****Number of employees whose remuneration exceeded the grade determined by the job evaluation for 2001/2002**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy Director: Labour Relations	1	12	13	Retention of skills
Director: Communication Services	1	13	14	Retention of skills
Director: Ministerial Support	1	12	13	(job is being redesigned)
Deputy Director: Ministerial Support	1	11	12	(job is being redesigned)
<b>Total</b>	<b>4</b>			
<b>Percentage of total employment</b>	<b>0.023%</b>			

**Table 4.4**

**Total number of employees whose remuneration levels exceed the grade determined by the job evaluation for 2001/2002 according to race and gender**

Beneficiaries	African	Asian	Coloured	White
Female	none	none	1	none
Male	1	1	1	none
Employees with disability				none
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>

## Human Resource Development

Skills development is a priority for the Department. A fair degree of balance was established between business needs and overall skills development, with the exception of bursaries. The bursary function is being revamped to ensure that it serves Departmental objectives more effectively. The process was informed by a systematic bursary audit.

**Table 1**

**Skills development according to salary band: 1 April 2001 to 31 March 2002**

Salary level	Internal training		External training		Expenditure	
	Training day equivalents	Average days per employee	Training day equivalents	Average days per employee	Total actual expenditure	Average per employee
Level 1 to 2	120	22	246	3	3 673 600	2 789
Level 3 to 5	97	20	854	3		
Level 6 to 8	868	15	362	5	9 184 000	3 117
Level 9 to 12	715	15	1 001	5		
Level 13 to 14	209	10	871	5	5 510 400	13 936
SMS	40	10	280	3		
<b>Total</b>	<b>2 049</b>	<b>92</b>	<b>3 614</b>	<b>24</b>	<b>18 368 000</b>	



**Table 2**  
**Skills development according to race, gender and disability**

Salary level	Internal training		External training		Expenditure	
	Training day equivalents	Average days per employee	Training day equivalents	Average days per employee	Total expenditure	Average per trainee
<b>African</b>						
Male	618	5	928	5	5 014 464	3 244
Female	324	5	509	5	2 700 096	3 242
<b>Asian</b>						
Male	82	5	140	5	720 059	3 244
Female	49	5	70	5	385 976	3 244
<b>Coloured</b>						
Male	180	5	271	5	1 462 822	3 244
Female	79	5	148	5	736 276	3 244
<b>White</b>						
Male	597	5	1269	5	6 054 147	3 245
Female	120	5	279	5	1 294 160	3 244
<b>Disabilities</b>						
Male	0	0	10	5		
Female	0	0	5	5		
<b>Total</b>	<b>2 049</b>		<b>3 614</b>		<b>18 368 000</b>	

Table 2 reflects the racial demographics of skills development. This breakdown is inclusive of experiential learning which, though it does not have a formalised training programme, impacts greatly on the human resource development cost of overall skills development. The total figure is impacted upon by the cost of administering and implementing experiential learning for full-time bursars in technical disciplines. The difference of R3 624 000 (between Table 2 and 3) arises from the administrative costs in relation to experiential learning, which is operationally carried outside of the formal training route. Included in the amount would be subsistence and travel, stipends, running costs, etc.

**Table 3**

Type of training	Training			
	Number of beneficiaries	Average days per trainee	Total units expenditure	Average per trainee
Internal training	297	120	6 992 000	23 542
Formal training	653	5	1 480 000	2 266
Computer training	400	3	150 000	375
Management development	457	9	500 000	1 094
Office-based	234	3	122 000	521
Policy-specific				
Adult Basic Education & Training (ABET)	3 472	22	4 200 000	1 209
Other	150	5	1 300 000	8 666
<b>Total</b>	<b>5 663</b>		<b>14 744 000</b>	

Table 3 provides a basic breakdown of training in accordance with existing human resource development programmes. The experiential learning part (reflected in Table 2) accounts for the difference in costing since experiential learning costs are reflected as administrative costs associated with development rather than development per se.

**Table 4**  
**Total expenditure per programme**

Programme	Expenditure 2001/02			Medium term expenditure estimates		
	Original estimates (R000)	Actual expenditure	Variances	2002/2003	2003/2004	2004/2005
ADP	350	580	230	600	900	1 100
PSLDP	0	500	500	700	1 200	2 000
Adult Basic Education and Training (ABET)	3 600	4 200	600	1 200	2 200	3 000
Support and admin development	300	900	600	2 000	4 500	7 000
Information Technology	150	150	0	300	300	300
Bursaries and mentors	6 380	7 836	621	7 000	9 500	11 000
Diversity and change	0	330	330	1 000	1 500	1 800
Wellness and HIV/AIDS	0	150	150	1 000	4 200	4 500
International visits	800	1 300	500	0	0	0
Information systems	1 500	2 300	800	1 800	1 500	1 500
Induction	100	122	22	900	500	300
<b>Total</b>	<b>13 180</b>	<b>18 368</b>	<b>4 353</b>	<b>16 500</b>	<b>26 300</b>	<b>32 500</b>

Table 4 depicts actual expenditure against costs estimated originally. Projections are made against future business volume and output for three financial years. Significant to note is over-expenditure in various key development areas, which is symptomatic of the Department's uncompromising stance with regard to key competency development areas.

**Table 5**  
**Bursaries granted according to salary level**

Salary level	Beneficiary profile			Cost (R'000)
	Number of beneficiaries	Number of employees	% of total in salary band	
Level 1 to 2	78	12 188	0.64	312
Level 3 to 5	148	4 497	3.3	592
Level 6 to 8	452	2 693	16.8	1 808
Level 9 to 12	213	756	28.2	852
Level 13 and above	15	69	21.74	40
<b>Total</b>	<b>906</b>	<b>20 203</b>		<b>3 624</b>

Table 5 provides a breakdown of bursaries granted by the Department according to salary level. It is important to note that 619 of these bursaries were allocated to existing staff members within the Department while 287 were granted to external candidates. A total of 59 of the external bursars came from the non-designated group.

**Table 6**  
**Bursaries granted according to race, gender and disability**

Beneficiary profile				Cost (R'000)
Gender	Number of beneficiaries	Number of employees	% of total in salary band	
Black				
Male	348	13 336	2.6	1 392
Female	185	5 295	3.5	740
White				
Male	251	997	25.2	1 004
Female	121	535	22.6	484
Disability				
Male		Disability total		
Female	1	= 55	1.8	4
Total	906	20 168		3 624

Table 6 describes the gender breakdown of the bursary statistics. A factor that blurs the figures is the "Black" categorisation of bursars. Human resource development will, as part of its systems revamp, cater for the requisite changes in this regard to individually reflect each of the sub-categories of this group. It is crucial that this accuracy measure be taken for informed reporting and managerial decision-making.

## LABOUR RELATIONS

During the year under review the components of Labour Relations and Conflict Management merged to establish a new Directorate. Labour Relations is responsible for managing the Departmental Bargaining Council where, through active negotiations with member trade unions, the policies referred to under Human Resource Management have been negotiated, adopted and implemented, in addition to other matters of mutual interest. New labour relations guidelines have been developed and are at an advanced stage of being negotiated prior to adoption and implementation. Labour Relations supports the Department's restructuring initiatives, and is guided by Public Service collective agreements and other legislation.

### Misconduct statistics: 2001 to 2002

Nature of misconduct	Cases	Dismissals	Other interventions
Absenteeism	13	5	Warnings/final warnings
Alcohol abuse	3		Suspensions/final warnings
Assault/violence	2	2	
Criminal offences	3	1	Final warnings
Disgraceful behaviour	2		Demotions/final warnings
Fraud	19	8	Final warnings
Insubordination	4	2	Final warnings
Misuse of State property	9	2	Warnings/final warnings
Non-performance	1		Warning
Racism	1		Demotion/final warning
Sexual harassment	1		Final warning
Theft	5	2	Warnings/final warnings
<b>Total</b>	<b>63</b>	<b>22</b>	<b>41 other interventions</b>

Note: All misconduct cases were dealt with in terms of Resolution No. 2 of 1999 of the Public Service Coordinating Bargaining Council.

# PART 3: Programme Performance

## CORPORATE SERVICES

During the year under review, the Department continued to reposition itself to deliver on its mandate to its internal and external clients.

This included restructuring various chief directorates within the Department, repositioning the corporate services functions, implementing the new performance management system, implementing the new Information System Governance Model and consolidating the transformation programme within the Department. These activities will support the creation of a more focused and delivery-oriented Department.

### PROGRAMME 1: ADMINISTRATION

This programme provides the Department with the following support functions:

- centralised administration;
- legal and office support;
- departmental, personnel and financial administration;
- determining working methods and procedures;
- exercising control through head office and regional offices;
- integrated corporate information systems; and
- communication services.

#### Administration

The administration sub-programme provides auxiliary functions to the line functionaries and provides for office services, provisioning

services, protection services, transport services and other administrative services. During the period under review the Department was exempted from the requirements of the State Tender Board Act. As a pilot department, it developed its own procurement system, which has been successfully implemented. Extensive renovations of head office buildings were also undertaken and completed during the period of review.

#### Human Resources

The human resources sub-programme presently provides human resource (HR) services for about 20 000 personnel at all levels within the Department. Human Resources has formulated as its vision "to be a strategic corporate leader in ensuring efficient, customer-focused human resources service delivery in a changing environment". Human Resources has sought to establish an environment conducive to management development and support, transformation management and the restructuring of the Department.

As an outcome of the restructuring and continued repositioning of the organisation, Human Resources acquired two new functions in addition to the existing Human Resource Management and Human Resource Development. These are Organisational Consultancy Services (Work Study) and Labour Relations.

#### During the period under review:

- On 8 December 2001 the Department and labour representatives signed and agreed on nine human resource policies and four management guidelines.
- Acclimate survey diversity audit was conducted in two regions with a view to piloting diversity-based interventions and

developing both a diversity model and plan for the Department as well as supporting change management and organisational development.

- ▶ A pilot skills audit was completed for two regions and part of Head Office (a total of 1 500 employees). This process seeks to create a snapshot of the departmental skills profile with a view to identify development needs as well as skills gaps. It will also inform various decisions around the restructuring process and the re-skilling of employees
- ▶ Organisational Consultancy Services (Work Study) has developed competency profiles using information gleaned from job analyses for job evaluation purposes.
- ▶ Significant progress was made with systematising performance management and linking it to both operational requirements and the development of key competencies to support role effectiveness.

### Legal Services

The legal services sub-programme provides legal support to the core business and corporate service sections of the Department with a view to ensuring that the goals of the Department are met.

During the year under review:

#### Legislation

Regulations in terms of sections 9(1), 10(1) and 19(5) of the Water Services Act, 1997, addressing water service standards, tariffs and regulating contracts for water service delivery, were drafted. Only the section 9(1) and 10(1) regulations were promulgated during this period.

#### Litigation

The Directorate was involved in attending to numerous civil claims by and against the Department. Of these, the major ones were York Lumber, the LMS arbitration, the Yellowwood criminal prosecution and the Pipeline Construction case.

- ▶ York Lumber: The Department cancelled a contract with York Lumber that was due

to expire in December 2006 in terms of the relevant provisions of the contract. York Lumber instituted proceedings against the Minister and Director-General for contempt of court. The court found that there was no urgency in the matter and the case was postponed to August 2002.

- ▶ LMS arbitration: The arbitration is still in progress and is running parallel to negotiations for possible settlement.
- ▶ Yellowwood prosecution: The Department assisted the prosecution relating to charges of contravening the National Forests Act of 1998 after yellowwood protected trees were felled from the Gongqogongqo State Forest. The investigation is almost complete and the matter is proceeding for trial.
- ▶ Pipeline Construction: Claims to the value of approximately R30 million arose during the construction of an emergency scheme. The Department disputes most of the claims as specific procedural requirements were not followed. The matter has been set down for hearing.

#### International agreements/contracts

The Directorate provided legal support in negotiating and preparing the following agreements for signature:

- ▶ RSA/France – a grant for a training system in water and sanitation;
- ▶ RSA/Algeria – statement of intent on cooperation;
- ▶ RSA/Tanzania – a statement of intent on co-operation;
- ▶ RSA/Cuba – an agreement on cooperation in water resources management, water supply and sanitation;
- ▶ RSA/Ireland – Masibambane project; and
- ▶ RSA/Mozambique/Swaziland – tripartite agreement.

#### Negotiation and preparation of the following agreements commenced:

- ▶ RSA/Botswana, Mozambique and Zimbabwe – on the establishment of the Limpopo Watercourse Commission;
- ▶ RSA/Japan – on the JICA grant aid; and

- RSA/Namibia – on the utilisation of water resources in the Orange River.

### Ongoing legal support

The Directorate continued to provide legal support in respect of legal advice/opinions to the Department and Ministry as well as compiling the Department's report on the steps it had taken in the implementation of the National Action Plan (on human rights).

A major challenge has been the implementation of legislation coupled with a shortage of staff. With the implementation of the National Water and Water Services Acts and the transfer of water works to water services and water resource management institutions, the demand for legal support is correspondingly growing in the regions. Legal support needs to be stepped up for a period of probably five years, which will be done by appointing 12 lawyers on contract for the regions.

### Information Services

The information services sub-programme ensures the provision of professional information technology products and services to the Department and related stakeholders. User demands on information services during the period under review led to an accelerated growth in this environment. Several new applications were developed that directly support the business practices of the Department. Some of these were:

- WARMS: This system bills registered water users in terms of the National Water Act and will promote financial self-sufficiency within the Department.
- WSDP Information System: This system supports district and local councils to plan water requirements for the communities they serve and provides an interface for gathering data on water services at local government level.
- WSPS: This system assists with the transfer of Departmental projects and schemes to CMAs by establishing management information regarding the asset values and readiness for transfer.
- WS Programme Monitoring System: This system is related to the Department's

poverty relief programme and provides statistics on people either served or not yet served with basic water needs.

- REGIS: This is a groundwater management application system with potential use in the SADC region.

The outsourcing contract in term of which 17 services have been procured, was extended while preparations were made to invite tenders again. Experience gained will see a streamlining of the approach to achieve greater effectiveness and improved performance as required by the PFMA as well as to reflect the objectives of Government's Information Services policy.

### Communications

The core functions of the communications sub-programme are media production, media liaison, project/event management, internal communication and corporate communications/public relations.

A communication strategy for the Department consistent with that of the Government, as well as the State of the Nation address, was drafted and endorsed by the Department and the Minister. The Department is active in the Government Communication Cluster Structures and participates constructively in its efforts towards an integrated approach to Government communications.

During the year under review, this sub-programme continued to fulfil its mandate by keeping the staff and public informed about the Department's policies, programmes, campaigns and projects. This was achieved via two internal publications: the monthly Hlathi-Manzi and the weekly Shotha, as well as articles in the media, press releases, media interviews, press conferences, participation in exhibitions, awareness campaigns and the effective distribution of promotional material. A media monitoring service is provided daily to the management of the Department as well as to the Minister. A key activity has been communication support to the Ministry and the various branches of the Department.

In line with Government policy, the sub-programme is also actively involved in promo-

ting partnerships with public, private and non-governmental organisations. These partnerships result in assistance for departmental and sector awareness campaigns and projects and forge a closer working relationship between the Department and all its stakeholders.

The coordination and implementation of campaigns during awareness weeks continued to be a major activity. The nation-wide Water Week and Arbor Week commemorations were a resounding success, marked by participation at the highest level in Government. Due to the efforts of the regional communication officers in organising and coordinating provincial events, Water Week and Arbor Week were celebrated in even the most remote areas of the country.

Communication support was provided for other awareness and promotion initiatives, such as Women's Day, World AIDS Day, 16 Days of Activism Against Women and Child Abuse, Batho Pele, the opening of schemes, and the Anti-Racism Campaign.

### Transformation

For administrative purposes, the Transformation Directorate reports to the Deputy Director-General: Corporate Services, although transformation is a Department-wide activity under the leadership of the Director-General.

During the year under review, transformation was based on the pillars of representivity and affirmative action, racism/respect, responsiveness and restructuring.

#### Representivity and affirmative action

The Department's affirmative action targets are based on those that are enshrined in the White Paper on the Transformation of the Public Service. These targets stipulate that by 1999 the Public Service has to be 50% black at management level, have 30% women in senior and middle management posts and have 2% of its staff represented by people with disabilities. These targets should have been achieved in ten years time. The Department's representivity statistics show that the composition of top management is beginning to change. The Department has made

progress by appointing two female Deputy Director-Generals. Overall, black representation at Senior Management Structure level increased from 41% in 2001 to 48% in 2002. Less progress has been made at middle management levels. While female representation is satisfactory, the under-representation of black engineers and scientists is apparent. The representation of people with disabilities is also far below the required 2%.

In order to accelerate the achievement of these targets, managers are required to develop their own employment equity plans, which should stipulate how they intend to achieve representivity across all occupational levels, and how they plan to remove barriers. The plans form the basis on which managers are assessed.

#### Racism/respect

The racism/respect project was introduced to transform the Department's organisational culture and address residual sexism, racial intolerance and other forms of unfair discrimination. The year under review saw the launch of the first phase of the Anti-Racism Strategy. The roll-out plan included the continuation of the diversity management programme by some chief directorates and regional offices.

Anti-racism awareness launches were held at head office, as well as the Department's regional and satellite offices. The phase was also marked by questionnaires to gauge the organisational climate. The intervention is aimed at fostering a culture of mutual respect and tolerance in the workplace.

#### Responsiveness

Responsiveness is a term that was coined by the Minister to address issues related to service delivery. As part of the move to ensure the revitalisation of the Batho Pele Campaign, the Department declared the month of October 2001 Public Service Month with the theme "DWAF, proud to be of service to you". The activities that were embarked upon were selected with the purpose of fostering a working environment conducive to high levels of productivity and respect to the client.



The following activities were undertaken at Head Office and at the Department's regional offices:

- ▶ Questionnaires were distributed to the public to determine how the Department can improve its services.
- ▶ General information was made available on the Department's business and structure.
- ▶ Suggestions boxes were displayed at the entrances of buildings and at other strategic locations.
- ▶ Improved service by frontline staff ensured a reduction of complaints by clients.
- ▶ Schools were visited with the aim of promoting the Department among students and encouraging them to pursue careers in the field of water.

### Restructuring

Various restructuring initiatives are underway in the Department. The Directorate: Transformation has actively engaged in these initiatives to ensure that the processes are carried out in terms of transformation principles and help overall transformation.

Transformation at national level has been supported by the Ministerial Transformation Council (MTC), the Transformation Management Committee (TMC), the National Transformation Forum (NTF) and through the appointment of a consultant.

- ▶ The MTC ensures representivity and broad oversight over transformation and provides guidance to other structures such as the TMC, NTF and regional transformation forums. It also ensures that transformation activities are linked to the strategic planning process. Through the MTC the Minister established a team to review the transformation vision, which was officially adopted on 30 July 2001.
- ▶ The TMC is chaired by the Director-General. It oversees the progress of specific transformation projects and ensures compliance by managers. This committee also considers the allocation of resources.

- ▶ The NTF is the highest, all-inclusive, transformation structure of the Department. It is held once a year and attracts delegates from across the Department. The Minister and members of senior management grace the NTF. It sets priorities, ensures wide engagement and communication and serves as the watchdog over the transformation process. At the NTF, priority areas of transformation are identified and reconfirmed. During the year under review, the five Rs of transformation (representivity, racism, respect, responsiveness and restructuring) were reconfirmed and a roll-out plan was developed.
- ▶ A consultant was appointed to support the structured implementation of transformation programme and to build its management capacity, by establishing processes and systems, supporting the systematic implementation of transformation projects, facilitating skills transfer and conducting transformation measurement and monitoring.

### Key outputs and service delivery trends

Sub-programme	Activities	Key outputs	Actual performance
Human Resource Management	1. Developed 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 representatives endorsed nine Human Resources Management policies and the roll-out and implementation programme commenced in November 2001.
	2. Increased efficiency in the administrative processing of pensions.	Clearing all non-complicated backlog cases by 31 March 2001.	A dedicated project, The Backlog Busters, achieved its major goals in clearing 90% of the case load.
	3. Successfully implemented a skills audit pilot programme.	Pilot completed and roll-out ready to commence Department-wide.	Three thousand of 23 000 staff members participated in the pilot phase of a skills audit.
	4. Established a new unit of Labour Relations by merging the subdirectorates of Conflict Management and Labour Relations.	<ul style="list-style-type: none"> <li>Successful integration process commenced.</li> <li>Integrated strategic and business planning process completed.</li> </ul>	New unit established.
	5. Integrated Work Study into Human Resources in the last quarter of the financial year	Realignment of Human Resources business processes for greater efficiency gains and integrating Human Resources services.	Repositioned and transformed the function to deliver organisational consultancy services for direct impact on core business change processes.
Legal Services	1. Draft legislation, regulations, etc.	Regulations drafted in terms of Section 9(1), 10(1) and 19(5) of the Water Services Act, 1997, addressing water service standards, tariffs and regulating contracts for water service delivery.	Section 9(1) and 10(1) regulations drafted and promulgated in mid-2001.
		Amendment to Section 27 of the National Forests Act, 1998, for the creation of a statutory trust.	Amendments drafted.

Sub-programme	Activities	Key outputs	Actual performance
	2. Draft international agreements	<p>Agreements between RSA and France, Algeria, Tanzania, Cuba, Mozambique/ Swaziland, as well as with:</p> <ul style="list-style-type: none"> <li>▶ Ireland – on co-operation and training;</li> <li>▶ Japan – on the JICA grant aid;</li> <li>▶ Namibia – on the utilisation of water resources in the Orange River; and</li> <li>▶ Botswana/ Mozambique and Zimbabwe – on the establishment of the Limpopo Watercourse Commission.</li> </ul>	Agreements negotiated and prepared for signature.
	3. Research law; draft contracts; liaise with State Attorney in litigation and claims	Transfer agreements for National Transfer Manager.	Drafted generic pro forma partnership agreements, transfer action plan, water services provider agreement and guidelines on partnership agreements.
	4. Decentralise Legal Services	Empower the regions as the Department's service delivery points with legal support.	A strategic planning workshop was held in preparation for the decentralisation of Legal Services.
	5. Implement the Promotion of Access to Information Act	Contribute towards an open and accountable Government by empowering it with information.	Forty deputy information officers were appointed countrywide and delegations were drafted and approved by the Director-General. Five formal requests for access to information were handled.
	6. Promote administrative justice	Provide administrative support to the Water Tribunal.	A legal officer and secretary were appointed for the Tribunal. Thirteen appeals were lodged with the Tribunal.

Sub-programme	Activities	Key outputs	Actual performance
Administration Management	1. Followed procurement policies, procedures and delegations.	Procured, by tender, price quotations and contracts.	New procurement system successfully implemented and maintained.
	2. Ensured timeous transport for official trips.	Provided all transport services.	Services delivered and managed on an ongoing basis in terms of specific contracts.
	3. Uniform implementation of crime prevention strategies at Head Office and in the regions.	Minimised crime levels and a safe working environment.	Ongoing services. Inter-Departmental Security Forum established and maintained.
Information Services	1. Sustained and maintained all current Information Services applications.	Sustainability, availability and reliability of installed base.	All applications are governed under Works Authorisations and change control is applied. Information Services stayed within the available MTEF budget.
	2. Supported and developed new requirements.	Development and support of Information Systems.	WARMS, REGIS, WSPS, WSDP, PSDP were implemented.
	3. Sustained Information Services facilities and infrastructure.	Availability on all mainframe and file servers.	A 98% availability on all mainframe and file servers.
		Availability of operational software.	A 100% availability of operational software.
		Availability on office automation applications.	A 98% availability on office automation applications.
Transformation	1. Continuation of the roll-out of the transformation framework.	National Transformation Forum reviewed the implementation of the five Rs and re-adopted the strategy for implementation in 2002.	Strategy of the 5 R's <ul style="list-style-type: none"> <li>Representivity</li> <li>Restructuring</li> <li>Responsiveness</li> <li>Racism</li> <li>Respect is being rolled out within the Department.</li> </ul>
	2. Annual revision of the Employment Equity Plan according to the Employment Equity Act [1998].	Progress captured on the relevant forms as reporting requirements.	Report submitted to the Department of Labour and the plan is being implemented in the Department by all chief directorates, directorates and regional offices.

Sub-programme	Activities	Key outputs	Actual performance
Communication Services	1. Effectively communicated the Department's mission and strategic objectives.	<ul style="list-style-type: none"> <li>Developed receptive internal and external audiences.</li> <li>Assisted in the development of integrated communication and marketing strategies for specific programmes.</li> <li>Positioned the Department as a leader and effective player in poverty alleviation and development.</li> </ul>	<ul style="list-style-type: none"> <li>The Department has continued to reach citizens and stakeholders of the water and forestry sectors, ensuring participation and understanding of Departmental activities.</li> <li>Research confirmed positive impact.</li> </ul>
	2. Cultivated a communication culture conducive to achieving the Department's mission and strategic objectives.	<ul style="list-style-type: none"> <li>Ensured that the Department has an effective communication process to provide information for external and internal responses.</li> <li>Ensured that there is an effective system for flow of information internally.</li> </ul>	A multi-media approach was used for all communication campaigns thus ensuring the widest possible reach. Above the line and below the line campaigns were run whenever possible.
	3. Developed communication capacity within the Department.	<ul style="list-style-type: none"> <li>Assisted with the development of different brochures to meet communication needs.</li> <li>Restructuring of current communication set-up.</li> <li>Developed internal expertise by coordinating communication.</li> </ul>	The Chief Directorate continued to develop in-house capacity for communications activities thereby improving the efficiency of the unit. This involved a process of restructuring and human resource development. This will continue in the following year.

# WATER RESOURCES

## PROGRAMME 2: WATER RESOURCES ASSESSMENT

This programme provides the Department with reliable water resource data and information for the sustainable development and utilisation of water resources, and for effective water resource management at both operational and strategic levels.

The main activities of this programme are aligned with service delivery outputs and comprise:

- capability to maintain and enhance the reliability of national hydrological services;
- capability to develop and maintain a comprehensive scientific and technical water resources information and knowledge base; and
- capability to provide effective technical support for a range of diverse resource management functions.

The focus area for policy development during this period was the provision of information on the sustainable use of water resources. This was addressed by formulating policies for measuring, quantifying, assessing and reporting on impacts on water resources related to the sustainability of the water environment.

With this information, the Department will be in a position to:

- report on the status of water resources;
- identify areas of unsustainable use; and
- highlight areas where impacts have been reduced.

Overall, this information can be used to assess the success of the Department in achieving resource protection and sustainability in water resource utilisation.

The Water Resources Assessment Programme comprises five sub-programmes: Geohydrology, Geomatics, Hydrology, Social and Ecological Services and Water Quality Services.

The key activities of the five sub-programmes are to:

- undertake and guide the development of information systems and monitoring programmes, regulatory instruments, guidelines and procedures on water resources and related features to support effective operational and strategic water resource management;
- collect, through national and regional monitoring networks, data on the quantity, quality and health of surface and groundwater resources;
- store, analyse and assess hydrological, water resource quality, geographic, cartographic and land-use information and data in both graphic and digital form at appropriate frequencies according to the nature of the information; and
- provide 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
All	Policy and Ministerial Services.	Technical responses to questions and problems raised by members of the public, members of Parliament and other agencies, both local and international, within the specialist fields of water resource assessment.	All questions were answered.
Management	National system for water use authorisation and registration management including debtor master for water use charges.	<ul style="list-style-type: none"> <li>▶ National system for registering water use implemented in all regions and Head Office.</li> <li>▶ National debtor master for cost recovery of water use charges.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Registration system upgraded for billing readiness.</li> <li>▶ Billing system ready for implementation in April 2002.</li> </ul>
	Information on environmental requirements and basic human needs.	<ul style="list-style-type: none"> <li>▶ Determining requirements for basic human needs and for the environment (reserve) on a preliminary basis for ad hoc licence applications.</li> <li>▶ Programme for national reserve determinations prioritised and two major catchments initiated per annum.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Preliminary determinations of the reserve for approximately 400 catchments and water resources.</li> <li>▶ Major studies initiated on Tugela and Olifants rivers.</li> </ul>
	National River Health Programme.	National system for measuring the ecological status of rivers implemented in all provinces.	<ul style="list-style-type: none"> <li>▶ Pilot implementation of river health monitoring is ongoing.</li> <li>▶ Second State of the Rivers report completed.</li> </ul>
	Participation in preparations for World Summit on Sustainable Development.	<ul style="list-style-type: none"> <li>▶ Position paper on water for use in negotiations leading up to the World Summit.</li> <li>▶ Inputs to National Substance Committee and other forums.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Draft position paper provided to lead Department.</li> <li>▶ Various briefing documents produced.</li> <li>▶ Two national consultation workshops were held within the water sector.</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
Geohydrology	National groundwater monitoring system.	National systems for measuring the status of groundwater storage and quality implemented in all provinces.	<ul style="list-style-type: none"> <li>Groundwater quality system fully operational.</li> <li>Groundwater storage (water levels) measured in 30% of the country.</li> </ul>
	National groundwater information system.	Groundwater data and resource information provided on a national basis.	National groundwater resource mapping is 90% complete.
	Technical support for water resource management.	Groundwater incorporated into water resource management projects and activities.	Groundwater resources utilised for major community water supply projects in four provinces.
Hydrology	National information management system for availability, distribution and variability of surface water resources.	Maintain and extend operational system to quantify surface water.	Extension of flow network to former Transkei (80% of planned gauging stations has been completed).
	Information for managing floods in internationally shared river systems.	Information necessary to manage flood events in shared international systems: Limpopo and Incomati.	Information on Limpopo and Incomati provided on web-site for instant access by international users.
	Information for development of surface water resources.	<ul style="list-style-type: none"> <li>Yield potential of catchments for feasibility and design of infrastructure.</li> <li>Drought analyses, low flow estimates for water resources planning.</li> <li>Flood potential of hydrological regime to ensure safety of infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Yield analysis for ad hoc requests: all requests have been completed.</li> <li>System analysis for catchments has been scheduled for infrastructure development: draft reports have been completed for all requests.</li> </ul>



Sub-programme	Outputs	Service delivery indicators	Actual performance
Social and ecological services	Social impact assessments for water development projects.	Implementing the management of social impacts of water development schemes by the Department.	<ul style="list-style-type: none"> <li>Inputs have been made into social impact assessment of all new water development schemes.</li> <li>Facilitation of public participation in four new Departmental schemes.</li> <li>Implementation of women empowerment programme in Luvuvhu Government Water Scheme.</li> </ul>
	Environmental Management Framework.	Consolidated Environmental Management Framework.	<ul style="list-style-type: none"> <li>Standard site management and rehabilitation specifications have been completed.</li> <li>Standard environmental management plan has been completed.</li> </ul>
	Policy for the use of water for recreational purposes (Section 21(k) of National Water Act).	Approved policy for use of water for recreational purposes.	<ul style="list-style-type: none"> <li>Policy and implementation plan has been finalised.</li> <li>Sustainable utilisation plan procedure has been developed and is in the pilot testing phase.</li> </ul>
Water quality services	National water quality information system.	Monitoring water quality for basic human needs, domestic and agricultural use of water.	<ul style="list-style-type: none"> <li>National salinity monitoring programme is in place.</li> <li>National microbiological programme is in the implementation phase.</li> <li>National eutrophication programme is in the implementation phase.</li> </ul>
Geomatics	Information on dams	Bi-annual survey of State dams with a safety risk.	Ninety-one surveys of key dam walls.
		Hydrographical surveys on dam sedimentation.	Hydrographical surveys of 22 dams have been completed.

## PROGRAMME 3: INTEGRATED WATER RESOURCES PLANNING

This programme provides planning support for the implementation of the National Water Act. This necessitates the examination of policy options that would affect the future availability of the nation's water resources and recommendations towards strategies to be adopted; including implementation options to solve envisaged water availability problems.

The sub-programme Strategic Planning focussed on reviewing, amending and revising existing internal policies, the development of new internal policies and implementation strategies, and analysing the implications of externally developed policies and legislation. Work on the National Water Resource Strategy was initiated.

Substantial input was also made on disaster management. In the absence of an appropriate unit in Corporate Services, the Directorate: Strategic Planning provided the framework for the Department's business planning process.

The sub-programme Planning of Water Resources was divided into two components: Project Planning and Water Resources Planning. Project Planning investigated management and development solutions for bulk water supply of interest. Water Resources Planning focussed on determining the availability of water resources, making projections for future water requirements, and identifying structural and non-structural options to reconcile water requirements with the available resources.



## Key outputs and service delivery trends

Sub-programme	Key outputs	Service delivery indicators	Actual performance
Water Resources Planning	National scenarios for reconciling water requirements and resources for inclusion in the National Water Resources Strategy.	July 2001	Completed and incorporated into draft strategy.
	Progress on 20 catchment planning studies and the provision of inputs into catchment management strategies.	Ongoing	Eight studies continued from the previous year. The Mtata Basin study was completed effectively. Four new studies commenced and will continue for at least two more years.
Strategic Planning	First edition of the National Water Resources Strategy established in terms of the National Water Act.	March 2002	Compiling the proposed first edition was substantially completed by March 2002. Publication for public comment and establishment was deferred until 2002/2003.
	Co-ordinate repairs to damage caused by the February/ March 2000 floods to State water works (provision of information and financial co-ordination), water user associations and water boards (direct co-ordination and supervision).	Ongoing	During the period under review approximately 65% of repairs to State-owned works was completed. Continuing high flows in many rivers hindered progress. Approximately 95% of repairs to works owned by water user associations and water boards was completed. Repair work will continue into 2002/2003.

Sub-programme	Key outputs	Service delivery indicators	Actual performance
	A comprehensive multi-year plan for implementing the provisions of the National Water Act, integrated into the Department's strategic plan.	October 2001	The National Water Act Implementation Plan was completed in September 2001. Subsequent work during the period under review focused on refining the plan and integrating it into the Department's strategic plan. Elements of the plan provided essential programme and cost information inputs to the National Water Resource Strategy.
	Operational National Water Situation Assessment Model.	September 2001	The improved model, together with supporting documentation, was completed in September 2001. Training was provided for potential model users. Further refinements were undertaken in preparation for comprehensive pilot testing in 2002/2003.
	Recommendations for the future of the South African Rainfall Augmentation Project.	November 2001	Report has been substantially completed.
Planning of water resource projects	Optimal solutions to bulk water supply needs at reconnaissance or pre-feasibility level.	Ongoing	Five studies are in an advanced stage (to be completed in 2002): <ul style="list-style-type: none"> <li>Algoa Study has been completed.</li> <li>Vaal River Eastern Subsystem Augmentation Study is almost complete.</li> </ul>

Sub-programme	Key outputs	Service delivery indicators	Actual performance
			<ul style="list-style-type: none"> <li>▶ Southern KwaZulu-Natal pre-feasibility study is almost complete.</li> </ul> <p>Two studies are due to start:</p> <ul style="list-style-type: none"> <li>▶ Western Highveld Strategic Overview.</li> <li>▶ Groundwater feasibility investigations.</li> </ul>
	Optimal solutions to bulk water supply needs at feasibility level.	Ongoing	<p>Two infrastructure development schemes (Berg Water Project and raising of Flag Boshielo Dam) have been recommended for implementation.</p> <p>Six studies are in an advanced stage (to be completed during 2002/2003):</p> <ul style="list-style-type: none"> <li>▶ Mooi Mgeni Transfer Scheme</li> <li>▶ Raising of Hazelmere Dam</li> <li>▶ Raising of Flag Boshielo Dam</li> <li>▶ Mogalakwena Feasibility Study</li> <li>▶ Olifants-Sand: feasibility of further phases</li> <li>▶ Voëlvlei Augmentation Study</li> </ul> <p>Two studies are in the initiation stage:</p> <ul style="list-style-type: none"> <li>▶ Queenstown Water Supply</li> <li>▶ Middle Olifants Augmentation: feasibility of management options.</li> </ul>

Sub-programme	Key outputs	Service delivery indicators	Actual performance
	Managing bridging issues (including environmental) associated with bulk water supply solutions	Ongoing	<p>One bridging study has been completed (Berg Water Project).            One bridging study is ongoing (Mooi Mgeni)            Two reserve studies have been completed:</p> <ul style="list-style-type: none"> <li>▸ Mhlathuze Ecological Reserve Study</li> <li>▸ Amatole Environmental Study</li> </ul> <p>One reserve study is in an advanced stage:</p> <ul style="list-style-type: none"> <li>▸ Voëlvlei Reserve Determination</li> </ul> <p>One Baseline Monitoring Study has been initiated: Berg River</p>

## PROGRAMME 4 : WATER RESOURCES DEVELOPMENT

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

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

The Water Resources Development Programme comprises the following five sub-programmes:

- Civil Design
- Dam Safety Control
- International Projects

A separate section (International Projects) describes the last two sub-programmes as they fall under another Directorate and differ in nature from the first three sub-programmes

### Key outputs and service delivery trends.

Sub-programme	Key outputs	Service delivery indicators	Actual performance
Mechanical and Electrical Engineering  Construction of Water Works	Sabie River Government Water Scheme	▸ Inyaka Dam Implementation.	▸ Dam construction is complete. Storage took place in November 2001.
		▸ Inyaka Regional Water Treatment Plant: – Phase 1A to supply 5 000 m <sup>3</sup> /day of purified water to Bushbuckridge. – Implement Phase 1B of treatment plant. ▸ Implement Hoxane abstraction works.	▸ Water treatment plant was commissioned in June 2001. ▸ Construction of Phase 1B with an additional capacity of 20 000m <sup>3</sup> /day commenced in January 2002. ▸ Construction commenced in February 2002.
	Luvuvhu River Government Water Scheme	▸ Nandoni Dam Implementation.	▸ Construction is 70% complete.
		▸ Implement Xikundu Water Treatment Works and Xikundu Weir.	▸ Construction of weir is 85% complete; construction of Water Treatment Works is 70% complete with commissioning in October 2002 ▸ Design work continues on Nandoni Water Treatment Works. Construction is due to commence in 2003.
		▸ Implement Nandoni Water Treatment Works.	

Sub-programme	Key outputs	Service delivery indicators	Actual performance
Civil Design	Tugela-Vaal Government Water Scheme	Upgrading of main canal.	<ul style="list-style-type: none"> <li>Construction is complete.</li> <li>Fencing, landscaping and drainage to be completed by May 2002.</li> </ul>
	Mooi-Mgeni Government Water Scheme	Supplement water supply to Pietermaritzburg/Durban area.	
		<ul style="list-style-type: none"> <li>Raising of Midmar Dam.</li> <li>Mearns Weir Implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Construction commenced in March 2002. Target date for completion is March 2003.</li> <li>Construction and upgrading of pump station commenced in July 2001.</li> </ul>
	Lesotho Highlands Water Project	Stabilisation of the Ash River.	Construction is complete. Additional work is to be carried out in the dry period.
	Dam Safety inspections	Inspection and safety assessment of departmental dams with an annual target of 50 dams.	<ul style="list-style-type: none"> <li>Only four dams were inspected and assessed due to a loss of engineering staff in the dam safety section.</li> <li>Specialised structural and hydraulic studies were performed.</li> </ul>
	Rivier-sonder-end-Berg River Government Water Scheme	<ul style="list-style-type: none"> <li>Implement Berg Water Project for augmentation of the water supply to the Greater Cape Town.</li> <li>Implement Berg River Augmentation Scheme.</li> </ul>	<p>Feasibility designs for various layouts were conducted for the components</p> <p>Dam, pump station and river abstraction works completed at Drakenstein.</p>



## International projects

This programme establishes water projects in collaboration with neighbouring states as effectively and cheaply as possible and fosters good relations between the Department of Water Affairs and Forestry, the governments of other countries and other external bodies. It also ensures management separation from the relevant programmes. The unit responsible for promoting the safety of new and existing dams in South Africa and protecting lives, property and water resources is located with International Projects.

The key policy development in this area included negotiations with Mozambique on water sharing in the Incomati and Maputo rivers and with Botswana, Zimbabwe and Mozambique on the establishment of a Limpopo River Commission.

The key activities of the various sub-programmes during the year under review were:

- Co-ordinating the participation of the Department in the water sector activities of the SADC region and facilitating interaction with donor agencies, foreign delegations and neighbouring countries in terms of bilateral or multilateral agreements.
- Co-ordinating participation of the Department in water-related activities of the New Partnership for Africa's Development (NEPAD) initiative and preparing position papers on water, sanitation and forestry in preparation for the World Summit on Sustainable Development (WSSD).
- 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.
- 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.

A highlight of the year was the active participation in the International Freshwater Conference in Bonn in December 2001. The South African delegation (representing both governmental and non-governmental organisations) played an active and effective role. This ensured a focus on using water to reduce poverty, promote development and encourage regional co-operation in preparation for the WSSD and in support of NEPAD.

## 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
Denmark	Capacity development in forestry management	R15,57 million
France	Training system for water and sanitation	5 million French francs
Ireland	Water supply and sanitation sector support programme (Masibambane)	5 million Irish pounds
UNESCO	Capacity-building and networking for water resources management	\$US 207 900

An agreement was also reached with the Republic of Cuba to provide a technical team to strengthen the capacity of regional offices to implement their water services programmes

## Transfer payments

An amount of R151 828 000 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
Dam safety control	Exercise control to enhance the safety of dams.	<ul style="list-style-type: none"> <li>Registration and classification of dams with a safety risk.</li> <li>Control over criteria used for the design, construction and maintenance of dams.</li> <li>Evaluate dam safety inspection reports.</li> <li>Rectify shortcomings.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 91% of the registered dams were classified.</li> <li>Where all the information was received, all the dams were classified.</li> <li>A total of 38 licenses were issued.</li> <li>All the applications received were evaluated.</li> <li>A total of 102 of the dam safety inspection reports received were evaluated.</li> <li>A total of 2 078 deficiencies/ shortcomings have been registered at 839 dams, of which 591 (30 within the past year) were rectified up to the end of the 2002 financial year.</li> </ul>
International projects	<ul style="list-style-type: none"> <li>Establish good relationships with external bodies and donor agencies.</li> <li>Manage bilateral and multi-lateral agreements with neighbouring states.</li> </ul>	Extent of cooperation and support, compliance with agreements and benefits shared.	<ul style="list-style-type: none"> <li>Agreements for donor support were concluded with France, Ireland Aid, Denmark, Netherlands, Norway and UNESCO. Facilitation of new donor support to the Department amounted to R55 million.</li> <li>Many bi-national commission/committee meetings were held with the neighbouring states to discuss issues of mutual interest.</li> </ul>
	<ul style="list-style-type: none"> <li>Establish good relationships with other countries.</li> </ul>		<ul style="list-style-type: none"> <li>Participated in meetings of Bi-national Commissions with Algeria, Nigeria, Mozambique, Rwanda and Cuba where areas of cooperation were identified and agreed upon.</li> <li>Exchanged technical information with Rwanda, Tanzania, USA, China and Cuba.</li> <li>Facilitated Ministerial visits to China, Cuba, Mexico, Russia, USA and Germany.</li> </ul>

Sub-programme	Key outputs	Service delivery indicators	Actual performance
	<ul style="list-style-type: none"> <li>Establish improved global policies on integrated water resources management.</li> </ul>		<ul style="list-style-type: none"> <li>Participated in conferences, task teams and WSSD preparatory meetings to draft improved positions on the role of water in sustainable development and the eradication of poverty.</li> </ul>
	<ul style="list-style-type: none"> <li>Successful implementation of the Lesotho Highlands Water Project</li> </ul>	Construction work on time, within budget and in accordance with specifications.	<ul style="list-style-type: none"> <li>Matsoku diversion was completed within budget.</li> <li>Construction of the Mohale Dam was substantially completed within budget and on schedule.</li> <li>Completion of the Mohale Tunnel was delayed until December 2003.</li> <li>The resettlement programme is on schedule for completion prior to the impoundment of the Mohale Reservoir.</li> <li>Corruption incidents continued to be effectively dealt with by the Lesotho Government.</li> </ul>
	<ul style="list-style-type: none"> <li>Successful implementation of Komati River Basin Development</li> </ul>	Construction work on time, within budget and in accordance with specifications.	<ul style="list-style-type: none"> <li>Construction of the Maguga Dam was completed and officially opened on 5 April 2002.</li> <li>Resettlement of affected communities was completed. Host area to be opened on 26 February 2002</li> </ul>

## REGIONS

### PROGRAMME 5: REGIONAL IMPLEMENTATION

The main aims of this programme are to:

- ▶ ensure that the management of water resources in the various catchment areas within the regions is effective and efficient by providing technical, financial and operational support, where required, as well as by directing functional activities;
- ▶ promote and manage the implementation of efficient water services infrastructure; and
- ▶ support local government to promote equitable and sustainable water supply and sanitation services for all the people in South Africa.

The regional structure comprises nine regional offices and a Regional Co-ordination Directorate at head office. This is the executive or operational arm of the Department. Although the forestry programme has its own regional management team, administrative support functions are shared in many cases.

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 cooperation with other role-players at various levels. Provincial liaison committees (PLCs) operate in each province as the official forum where matters of mutual interest may be discussed between officials of the nine provinces and the Department. In many cases MECs participate in PLC meetings. The Minister and provincial MECs, who meet at MINMEC meetings at least twice a year, deal with high-level policy and political issues. A technical committee comprising provincial and departmental officials, known as MINTEC, provides support to compile the agenda for MINMEC meetings. The regional operational activities are guided and supported by specialist functions at head office.

### Operational highlights

#### Water Supply Services Infrastructure

The implementation of the Community Water Supply and Sanitation Programme continued from the previous year, but was characterised by constraints arising from the Division of Revenue Act. This caused significant delays and required intervention at Ministerial level to assist in resolving some of these issues. In order to overcome these obstacles, a Special Interventions Programme was implemented. As a result, the full allocation was utilised to ensure service delivery. Some direct transfers to district municipalities via formal agreements in terms of the Water Services Act, were made in the process.

#### Sanitation

During the year under review delivery in the sanitation programme was identified as a problem. Several initiatives were taken to fast track delivery in this important programme, which is expected to contribute towards the battle against cholera. These included raising the profile of sanitation within the CWSS programme and introducing dedicated sanitation programme management initiatives. The steps taken paid dividends in the form of a considerable improvement in the construction of toilets. A significant number of people benefited from the health and hygiene promotion initiative.

#### Registration of water use

The Water Use Authorisation Management System (WARMS) and SAP system have been implemented and are currently in use in the regions. During the year under review regional offices captured more than 4 600 water users in all nine regions. The users account for an estimated 80% of the country's water use, making South Africa one of the first countries in the world to achieve information regarding water use at property level.

All bulk users have been captured and approximately 85% of all other users have been registered. A new billing system was implemented at the Department's regional offices in order to issue invoices and manage debtors' information.

The first water management invoices are expected to be generated in the following financial year.

### Flood damage repairs

The floods of February 2000 damaged the water infrastructure, particularly in Limpopo and Mpumalanga. The total estimated cost of repairs to all State-owned water works amounted to R352 million. Of this, 50% was for repairs to the water services infrastructure, 34% was for repairs to the water resources management infrastructure and 16% was for repairs to river flow gauging installations.

By the end of March 2002, the physical repair progress at national level was such that 80% of the damaged water services infrastructure and 45% of the damaged water resources management infrastructure had been completed, and 80% of the river flow gauging installations had been repaired. In monetary terms, this means that R222 million had been expended until the end of March 2002. This comprises 63% of the total estimated cost of R352 million. Most of the progress took place during the year under review, due to the prevailing high water levels during the previous year. A total amount of R129 million is required to complete flood damage repairs to all State-owned water infrastructure under the Department's jurisdiction. This will be done, provided adequate funds are available.

The Regional Implementation Programme comprises the following sub-programmes:

### Management

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

### Regional Co-ordination

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

### Survey Services

Survey Services supports the management and development of existing water resources through the effective and efficient collection, processing and distribution of data by means of topographical surveys, hydrographical surveying of dams, setting out of flood, silt and servitude beacons, surveying and monitoring development in catchments and the geodetic observation of movement of structures due to stresses caused by water forces.

### Hydrometry

Hydrometry determines the quality and quantity of surface and groundwater available for utilisation within a catchment. This is done by maintaining the gauging stations where the hydrological data is captured. The data is then processed and stored on an information system to determine both the 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, research etc.

### Water Drilling Services

Water drilling is done for research purposes and to establish a national groundwater database to provide information on the potential of groundwater resources in South Africa. Specialised drilling operations and the drilling of production boreholes is also a core function.

### Geotechnical Drilling Services

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

### Geotechnical Services

Geotechnical Services assesses the availability of groundwater resources and identifies borehole sites. It also assesses the availability of underground water resources and provides other geohydrological services, for example the development and monitoring of sites for the disposal of solid waste with the main focus on the protection of groundwater resources.

### Advisory Services

Advisory Services renders 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 the integrated planning of water and sanitation services at regional and project level.

### Implementation of Water Services Projects

The Implementation of Water Services Projects sub-programme helps to ensure the supply of basic water and sanitation to rural communities at a service level in accordance with the standards of the Reconstruction and Development Programme (RDP).

### Sustainable Development and Management

The Sustainable Development and Management sub-programme undertakes community development, capacity-building and the training of communities for water supply and sanitation projects. It furthermore facilitates the transfer of water supply and sanitation schemes to other spheres of government, and monitors and evaluates water service institutions.

## Activities of sub-programmes falling under Programme 5

## Key outputs and service delivery trends

Sub-programme	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 WMAs.	Well guided and goal orientated regions. One strategic plan per region.	Completion of all the strategic plans per region (9 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 a monthly average of $\pm 10\%$ and $\pm 2\%$ within the approved budget allocation for the financial year.	The actual expenditure for the Water Trading Account is 1% of the approved budget allocation. Programme 5 also achieved the same percentage level.
	Programme management of the Water Services Capex Programme within budget and on schedule.	Programme within budget and on schedule (3% tolerance).	Programme expenditure was within 4% of budget.
Hydrometry	Collection and processing of hydrological data.	Data collection at gauging stations for use by the Department and other users.	There was 100% compliance at 1 700 gauging stations, except where data was influence by flood damage.
	Maintenance and upgrading of river flow gauging stations, as well as the construction of new gauging stations.	Data sets processed and converted into information.  Operate and maintain river flow gauging stations, construct new gauging stations and repair damaged gauging stations	Some 3 215 sets of data have been processed and are ready for publication <ul style="list-style-type: none"> <li>Three new gauging stations were constructed</li> <li>Twenty-three gauging stations were repaired</li> </ul>



Sub-programme	Outputs	Service delivery indicators	Actual performance
Survey Services	Collection and processing of data by means of hydrographical surveys, setting out flood and silt beacons, determining construction volumes and the geodetic observation of structural movement.	Type of surveys: <ul style="list-style-type: none"> <li>Geodetic surveys depending demand.</li> <li>Hydrographical surveys at <math>\pm</math> 80 dams.</li> <li>Cadastral surveys depending on demand.</li> <li>Topographical/flood surveys, if required.</li> <li>Photogrammatic surveys on demand.</li> </ul>	<ul style="list-style-type: none"> <li>47 geodetic surveys completed.</li> <li>36 hydrographical surveys completed.</li> <li>30 cadastral surveys completed.</li> <li>79 topographical surveys completed.</li> <li>18 photogrammatic surveys completed.</li> </ul>
Water Drilling Services	Water supply and exploration drilling.	Boreholes drilled and holes equipped with lids and concrete blocks.	A total of 390 boreholes were drilled and equipped.
Geotechnical Drilling Services	Provision of drilling services in respect of geotechnical investigations for the planning and design of structures.	Target various sites.	A total of 15 669 metres were actually drilled.
Geotechnical Services	Collection of data for geohydrological database.	Monitoring and siting of production boreholes.	A total of 911 boreholes were sited.
	Geological assessment and landfill sites	Landfill sites assessed for licensing.	A total of 45 sites were assessed.
Advisory Services	Rendering advice to water user associations and existing irrigation boards* and emergent farmers on how to establish water user associations and on the management, establishment and utilisation of water works.	Service to clients.	Numerous advisory services were performed.
Regional Water Services Planning	Promotion and evaluation of Water Services Development Plans (WSDP).	<ul style="list-style-type: none"> <li>Liaise with municipalities to develop Water Services Development Plans.</li> <li>Evaluate completed Water Services Development Plans.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 208 municipalities were approached.</li> <li>Some 103 Water Services Development Plans were evaluated.</li> </ul>



Sub-programme	Outputs	Service delivery indicators	Actual performance
	Identification and prioritisation of water services projects.	Identification and prioritisation of water services projects in nine regions	All projects were completed.
Implementation of water services projects	<p>Deliver functional and sustainable water services projects.</p> <p>Sanitation programme/projects.</p> <p>Awareness campaigns.</p>	<p>A number of projects to serve communities are in the construction phase.</p> <p>A number of VIPs (toilets) to be completed.</p> <p>Improved health standards through sanitation and hygiene awareness campaigns.</p>	<p>Some 1 154 991 people were served through the completion of 590 projects.</p> <p>A total of 55 292 VIPs were completed.</p> <p>Altogether 2 227 consultation campaigns were launched.</p>
Sustainable Development	<p>Train and develop local governments and communities to operate and maintain water supply and sanitation projects.</p> <p>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.</p>	<p>Improved knowledge and skills at local government level.</p> <ul style="list-style-type: none"> <li>Capacity-building of communities.</li> <li>Successful transfer of schemes/ projects to local government.</li> </ul>	<p>Altogether 228 local presentations were made to 228 local authorities.</p> <ul style="list-style-type: none"> <li>Training and negotiations were carried out in 3 074 communities.</li> <li>Some 15 projects have been transferred.</li> </ul>

\* See policy implementation under Water Trading Account 3  
See Table for regional breakdown

### **Water Trading Account 1: Integrated Catchment Management**

Integrated Catchment Management aims 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.

Work continued with the establishment of Catchment Management Agencies (CMAs). Two CMAs, the Crocodile West/ Marico and the Komati are expected to be established in the near future.

A directorate had been established at Head Office to take the lead in developing processes and procedures for compulsory licensing. This is expected to commence during 2002/2003.

Dedicated attention was given to the monitoring and control of pollution and other measures related to water quality management.

The Integrated Catchment Management Programme comprises the following sub-programmes:

#### **Water Quality Management**

Water Quality Management develops and implementing water quality management plans with the aim of managing and/or regulating water quality and waste management strategies for surface and groundwater resources, and of ensuring the sustainable fitness of use thereof, as prescribed by the Water Act.

#### **Water Utilisation**

Water Utilisation implements strategies for the equitable allocation and the efficient and sustainable utilisation of water resources in the agricultural, industrial and municipal sectors.

#### **Water Conservation and Working for Water**

Water Conservation implements strategies aimed at reducing water demand, with the aim of enhancing water conservation through demand

management. This includes the operational activities of the Working for Water Programme, which focuses, inter alia, on the eradication of invasive plants in catchments. The international management of the Working for Water Programme was better integrated into regional structures during the year under review. The operational management of the Working for Water Programme was integrated into regional structures during the year.

### **Water Trading Account 2: Integrated Systems**

Integrated Systems aims to manage, operate and maintain Government water transfer schemes for the transfer of water from a donor catchment to supplement the water resource in a recipient catchment.

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

The Integrated Systems Programme comprises the following sub-programmes:

#### **Operations and Maintenance**

Operations and Maintenance supplies bulk treated and untreated water to bulk users, for example, Sasol, Eskom, other bulk or reticulation suppliers such as water boards and municipalities or other users. It also supplies bulk raw water to water user associations and existing irrigation boards for distribution to individual irrigators.

#### **Betterment Works and Flood Control**

The Betterment Works and Flood Control sub-programme upgrades or improves water supply works and water control works. It also engages in flood monitoring, flood control activities, flood warnings and the repair of flood damages.

### Water Trading Account 3: Bulk Water Supply

Bulk Water Supply aims to manage, operate and maintain the regional bulk water supply infrastructure.

Section 98 of the National Water Act indicates provisioning for the establishment of water user associations. Regions have been tasked to convert existing irrigation boards into water user associations, which are intended to be more representative of the communities being served by a Water User Association. It is also the intention to transfer the operations and maintenance functions of certain bulk water schemes to water user associations. Good progress has been made in this regard.

The Bulk Water Supply Programme comprises the following sub-programmes:

#### Operation and Maintenance

Operating and maintaining infrastructure is necessary to supply potable water to consumers. It is also necessary to maintain the infrastructure for the treatment of sewage. The Operation and Maintenance sub-programme supplies bulk raw and treated water to water services institutions, other bulk suppliers or other water users. It furthermore supplies bulk raw water to water user associations (irrigation boards) for distribution to individual irrigators within an irrigation district as defined by the National Water Act and supplies raw water to individual irrigators within Government water schemes.

#### Betterment Works, Flood Control and Drainage

The Betterment Works, Flood Control and Drainage sub-programme upgrades or improves water supply works, water control works, purification works and related structures. It also engages in flood monitoring, flood control activities, flood warnings and the repair of flood damage to Government water works and constructing or improving water drainage works and related structures.

### Water Trading Account 4: Water Services

Water Services aims to manage, operate and maintain the regional water services infrastructure.

The regions are responsible (as an interim measure) to secure the supply of raw and purified water at various levels of assurance to a wide range of consumers, particularly in poor rural communities, and to provide sewage treatment services. The Municipal Systems Act, the Water Services Act and the Municipal Structures Act all address the responsibility that local Government has regarding the provision of water services.

A framework was developed to guide the process of transferring these functions to local Government. This has been enacted through the Division of Revenue Act (Act No 1 of 2001). The implementation commenced with the appointment of a national transfer manager to guide and lead this process through the next three years. Financial support was provided and is being continued, in order to assist with the implementation of the transfer process. The nature of the financial support will change from the current "grant-in-kind" format to a "conditional grant" that is dealt with as a transfer payment. The conditional grant system will be used until the end of the 2004/2005 financial year. From the 2005/2006 financial year the operating conditional grants for water schemes that have been transferred to municipalities, will be included in the "equitable" share allocation administered by the Department of Provincial and Local Government.

The Water Services Programme comprises the following sub-programmes:

#### Operation and Maintenance

The Operation and Maintenance sub-programme operates and maintains the infrastructure necessary to supply water to consumers. It also operates and maintains the infrastructure for the treatment of sewage.

### Betterment and Flood Control

The Betterment and Flood Control sub-programme upgrades or improves water supply works, water control works, sewage work, purification works and related structures. It also engages in flood monitoring, flood control activities, flood warnings and the repair of flood damages to Government water works.

### Crisis Intervention

Crisis Intervention provides alternative water supply in case of water supply failure or due to lack of infrastructure. An example of such an intervention is the provision of water tankering services.

## Trading accounts

### Key outputs and service delivery trends

Sub-programme	Outputs	Service delivery indicators	Actual performance
Integrated Catchment Management	<p>Establish Catchment Management Agencies (CMAs); compliance with dam safety regulations; ensure efficiency and sustainability in water quality, conservation as well as the equitable and efficient utilisation of water resources.</p> <p>Control water allocation and water use.</p>	<p>One CMA to be established.</p> <ul style="list-style-type: none"> <li>Public safety and protection against dam failures.</li> <li>Protection of water resources against pollution.</li> <li>Equitable distribution of water resources.</li> </ul>	<p>Still at Catchment Management Forum (consultation) stage.</p> <p>As per table.</p>
Integrated Systems	Supply untreated bulk water through inter-catchment transfer schemes for various purposes as well as flood monitoring and operation.	The operation and maintenance of schemes in line with national standards for raw water supply to bulk consumers.	As per table.
Bulk Water Supply	Supply bulk untreated water to various users, engage in flood monitoring, flood warning and improve water works and related structures.	The operation and maintenance of schemes to standards acceptable within this sector.	As per table.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Transfer bulk water functions and/or infrastructure to other water services institutions.	Establish water user associations and transfer certain functions and infrastructures.	As per table.
Water Services	<p>Supply potable water to rural areas. Provide financial and advisory support to other water services institutions.</p> <p>Transfer water services functions and/or infrastructure to other water services institutions.</p>	The operation and maintenance of schemes to minimum acceptable standards.	As per table.

## PROGRAMME 5 : REGIONAL IMPLEMENTATION

	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Management										
Strategic plans per region	1	1	1	1	1	1	1	1	1	100%
Hydrometry										
Data collection at gauging stations	performed by Gauteng region	136	30	196	145	185	28782	243	1304	
Data sets processed		1 632	30	263	160	399	345 82	317	3 228	
Operate and maintain gauging stations		92	30	175	145	144	28772	243	1 188	
Construct new gauging stations		0	0	2	0	1	2	0	0	5/3
Flood repairs to gauging stations		10	4	0	2	3	0	0	0	19/23
Survey Services										
Geodetic surveys	3	3	13	6	4	5	11	0	2	47
Hydrographical surveys	4	3	2	3	6	4	8	0	6	36
Cadastral surveys	2	4	4	10	1	6	1	0	2	30
Topographical surveys	12	10	9	23	3	8	3	0	10	78
Photogrammatic ground surveys	2	2	7	3	0	2	0	0	2	18
Water Drilling Services										
Boreholes drilled	2	182	10	0	0	57	16	83	N/A	350
Geotechnical Drilling Services										
Drilling in metres	90	30	700	0	2 000	330	3 000	9 419	N/A	15 569
Geotechnical Services										
Monitoring and siting of boreholes	0	211	28	0	60	110	165	83	234	891
Assessment and licensing of landfill sites	1	5	10	10	0	4	5	6	9	50
Compiling hydro-geological maps	1	1.5	12	0	0	4	5	4	0	27.5
Advisory Services										
Services to clients										0
Regional Water Services Planning										
Municipalities that prepared the Water Services Development Plan process	4	32	17	65	3	28	30	26	3	208
Water Services Development Plans to be evaluated	0	32	3	34	5	15	1	13	0	103
Identification and prioritisation of water services projects in nine regions	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%
Implementation of Water Services Projects										
Projects implemented	6	120	45	98	42	268	3	8	N/A	590
People served with water and/or sanitation infrastructure	81 600	475 579	7 088	53 8829	736	18 558	5 431	27 170	N/A	1 154 991
Improved health through sanitation and hygiene awareness campaigns (communities addressed)	156	120	216	53	13	27	38	1604	N/A	2 227
Completed VIPs/toilets	7 080	9 608	460	26 195	300	3 093	271	8 285	N/A	55 292
Implementation of cholera projects	1	4	2	34	0	2	0	1	N/A	44

	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
<b>Sustainable Development</b>										
Improved knowledge and skills at local government level	25	32	23	10	25	45	7	55	6	<b>228</b>
Capacity-building of communities	106	2 400	237	114	21	85	15	80	16	<b>3 074</b>
Transfer of schemes/projects to local government	2	1	0	16	0	0	3	0	0	<b>22</b>
Agreements signed for the implementation and transfer of projects	2	3	0	0	0	5	5	0	0	<b>15</b>

## WATER TRADING ACCOUNT 1 : INTEGRATED CATCHMENT MANAGEMENT

Planning and implementation of catchment plans	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Catchment liaison forums	9	0	2	31	4	2	46	30	30	<b>154</b>
Water user associations created	0	4	0	2	2	1	20	4	0	<b>33</b>
<b>Dam Safety</b>										
Dam safety routine inspections on State dams	100	33	8	44	31	75	150	34	20	<b>495</b>
Operational manuals prepared for State dams	22	12	0	4	4	25	2	2	0	<b>71</b>
Dams registered for dam safety purposes	0	6	74	40	35	5	25	19	0	<b>204</b>
<b>Water Quality Management</b>										
Licenses issued		5	0	10	1		0	5	0	<b>21</b>
Discharges registered		20	0	122	48		0	17	60	<b>267</b>
Old mines properly maintained		0	0	16	1		0	25	1	<b>43</b>
Monitoring of ground water and river sites		85	0	150	146		371	510	255	<b>1 517</b>
<b>Water Allocation</b>										
Water use licenses assessed	3	50	75	88	13	12	5	146	90	<b>482</b>
Unlawful users identified	3	0	49	46	0	700	200	31	50	<b>1 079</b>
Water accounts issued	191	0	308	400	3 500	N/A	190	10 190	418	<b>15 197</b>
<b>Water Use Control</b>										
Water use registration forms completed	2 239	5 653	7 132	3 000	4 567	5000	1731	2237	3 696	<b>35 255</b>

**WATER TRADING ACCOUNT 2 : INTEGRATED SYSTEMS**

	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
<b>Operation and Maintenance</b>										
The operation and maintenance of schemes in line with national standards for raw water	22	4	0	8	2	4	6	0	6	52
Maintenance of pump stations	0	0	0	1	1	1	4	0	17	24
General maintenance of km canals	0	209.4	0	0	185	92	24	0	60	570.4
General maintenance of km pipelines	0	38	0	10	85	20	35	0	550	738
Dam inspections carried out for the year	3	28	0	24	10	32	72	0	20	189
<b>Betterment Works</b>										
Upgrading of houses	0	0	0	10	22	0	0	0	28	60

**WATER TRADING ACCOUNT 3 : BULK WATER SUPPLY**

	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
<b>Operation and Maintenance</b>										
The operation and maintenance of schemes in line with national standards for raw water	20	11	8	5	7	52	28	8	4	143
Maintenance of pump stations	1	0	0	0	1	6	0	7	2	17
General maintenance of km canals	761	58.7	0	0	374	57	310	1 536	70	3 166.7
General maintenance of km pipelines	210	0	0	0	12	64	0	456	30	772
Dam inspections carried out for the year	0	11	12	20	35	248	162	24	2	514
<b>Betterment Works</b>										
Upgrading of houses	15	0	6	10	11	0	0	1	4	47



**WATER TRADING ACCOUNT 4 : WATER SERVICES**

	North West	Northern Province	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
<b>Functional Support</b>										
Schemes and water works transferred to water user associations/irrigation boards and local government	0	0	0	0	0	0	0	0	0	0
Water service authorities	0	6	0	11	0	0	0	0	0	17
<b>Operation and Maintenance</b>										
The operation and maintenance of schemes in line with national standards for raw/treated water	0	270	6	46	0	150	3	0	0	475
Maintenance of pump stations	0	785	108	0	0	95	30	0	0	1 018
General maintenance of km canals	0	0	0	0	0	0	0	0	0	0
General maintenance of km pipelines	0	299	810	0	0	2 110	430	0	0	3 649
Scheme inspections carried out for the year	0	8 870	0	92	0	0	0	0	0	8 962
<b>Betterment Works</b>										
Upgrading of houses	0	0	0	0	0	0	0	0	0	0

## PROGRAMME 6 : INTEGRATED WATER RESOURCES MANAGEMENT

This programme ensures, promotes and supports integrated water resource management (IWRM) by all water-related statutory bodies and end-users and provides for the sustainable use of water to fulfil social, environmental and economic needs, based on the principles of equity and efficiency.

The focus area for policy development during the period under review was to ensure the implementation of integrated water resource management through the National Water Act, 1998.

Key activities include:

- ▀ Catchment management: support for effective water resources management via the establishment of water management institutions and by promoting the concept of catchment management.
- ▀ Water conservation: development and/or implementation of appropriate policies, strategies, projects and initiatives that will promote and institutionalise water conservation and demand management among water institutions and end users.
- ▀ Water quality management: integrated and sustainable management of the quality of water resources in South Africa.
- ▀ Water utilisation: the promotion and support of the efficient and equitable allocation and beneficial use of water resources.
- ▀ Working for Water: managing the Working for Water Programme to control alien invasive vegetation.

### Key outputs and service delivery trends

Sub-programme	Outputs	Service delivery indicators	Actual performance
Catchment Management (institutional development support)	Develop guidelines and implementation tools.	Guidelines and tools are in place for the Water Management Institutions establishment processes.	Some 90% of Catchment Management Agencies' pre-establishment tools and guidelines were developed and are in use
	Regional support	Two information/liaison meetings held with each regional office per year.	About 50% of the target was met.
		Timeous response to all requests from regions to capacitate stakeholders.	Some 90% of requests were responded to on time.
	Institutional development facilitation	Catchment Management Agencies' proposal internal evaluation protocol in use.	Guideline evaluation document and process was tested on the Inkomati submission.
		All irrigation boards transformed.	Thirty irrigation boards were transformed into water user associations.
	Capacity-building	Training manuals for capacity-building in WRM in place	Capacity-building manuals finalised on IWRM.

Sub-programme	Outputs	Service delivery indicators	Actual performance
Water Conservation	Environmental awareness, learning, communication and networking through a schools-based approach and broader public programmes.	<ul style="list-style-type: none"> <li>Increased awareness amongst learners and general public about water conservation and efficiency.</li> <li>Efficient use of water in homes and schools.</li> <li>Integration of water-related issues in out-comes-based curriculum.</li> <li>Formal networking, consultation and communication strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Water issues reflected in the integrated approach to environmental learning within the Natural Sciences, Human and Social Sciences and Technology learning programmes.</li> <li>Some 5 517 schools, including 7 691 Grade 5 and 9 educators were reached.</li> </ul>
	Water conservation and demand management demonstration case studies in selected water management areas.	Development and implementation of Version 1 of water management plans by five water user associations in the agricultural sector nationally.	Version 1 of water management plans successfully developed and implemented by three water user associations in three provinces.
	National Water Conservation and Demand Management Strategy	Availability of final drafts of the sectoral strategies.	Final draft strategies available for comment and input.
	Integration of water conservation and demand management principles into water resource management and project planning towards increasing water availability.	<ul style="list-style-type: none"> <li>Case studies include Mhlathuzi, Algoa region, Cape Metro, Potgietersrus, Hermanus, Western Highveld region, De Aar, Ugu and Umtata.</li> <li>Production of guideline manuals.</li> <li>Pilot projects implemented in three water management areas – Mvoti/Umzimkulu, Crocodile West/Marico and Olifants/Doring – using guidelines and planning frameworks. The guidelines are being tested in these three water management areas.</li> </ul>	<ul style="list-style-type: none"> <li>The Potgietersrus, Cape Metro, Mhlathuzi and Algoa case studies have been completed. The Umtata Study: Phase 1 has been completed.</li> <li>The Western Highveld region study has been initiated, while the De Aar draft planning framework draft has been completed.</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
	<ul style="list-style-type: none"> <li>Development of Industry, Mining and Power (IMP) Generation sectoral strategies.</li> <li>Various sectoral symposia/seminars.</li> <li>Demonstration/pilot studies for IMP sectors.</li> </ul>	<ul style="list-style-type: none"> <li>Complete generic strategies.</li> <li>Develop and apply generic audit benchmarking methodology and Best Management Practice protocols.</li> <li>Establish strong links for cooperation and joint funding of WC/WDM projects (SANOW Programme).</li> </ul>	<ul style="list-style-type: none"> <li>Sectoral strategies developed for industry: commercial and hospitality sectors.</li> <li>Phase 2 of benchmarking project was completed.</li> <li>Case studies and demonstration projects investigated within the industry and mining sector – coal, diamond, gold and platinum, as well as the private hospital sector.</li> </ul>
Water Utilisation	Policies, procedural guidelines, regulations and projects in respect of implementing the National Water Act, 1998.	Develop and implement policies and procedures in all regions.	<ul style="list-style-type: none"> <li>Generic public participation guidelines completed and distributed.</li> <li>Draft guideline on the verification of registered and existing lawful water use prepared and distributed for comment.</li> <li>Project on quantification of stream flow reduction by forestry plantations completed and workshopped with the forestry sector.</li> <li>Draft guideline on maintenance standards and agreements in respect of canal irrigation schemes transferred to water user associations completed and distributed for implementation.</li> <li>Project on compulsory licensing initiated.</li> </ul>
	Develop strategic environmental assessment (SEA) methodology for use in the water sector.	Develop procedural guidelines.	Guideline on methodology for execution of water resource SEAs completed and distributed.

Sub-programme	Outputs	Service delivery indicators	Actual performance
		Implementation of SEA principles by stakeholders.	An SEA pilot study was initiated for the Usutu to Mhlathuze water management area.
	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 distributed for implementation by regions.
		Determine and formalise water use charges.	<ul style="list-style-type: none"> <li>Water resource management charges prepared for implementation in 2002/03.</li> <li>Infrastructure charges prepared and formalised.</li> <li>Government Water Scheme charges implemented.</li> </ul>
	Financial assistance to emerging farmers who are members of water user associations, in respect of communal waterworks.	Policies and support strategies in place.	Co-ordinated inter-departmental strategy.
		Expenditure on construction or refurbishment of viable schemes.	Full allocated amount (R21,4 million) spent.
	Ensure efficient operation of Government Water Schemes and river systems.	Minimise water losses, water restrictions and flood damage.	<ul style="list-style-type: none"> <li>New water distribution and loss control technology and reporting system introduced on major schemes.</li> <li>Orange River operating rules revised.</li> <li>Flood operation procedures for storage dams updated.</li> <li>Database of scheme information prepared in new format (easy to update; displays prevailing state of utilisation).</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
Water Quality Management	Policies, strategies and guidelines	Develop new water quality policies and various regulatory instruments as part of the implementation of the National Water Act.	<ul style="list-style-type: none"> <li>Water Quality Management Framework communications strategy developed.</li> <li>Guidelines for the management of water-borne diseases, with the emphasis on cholera, published and distributed.</li> <li>Minimum Requirements for Waste Disposal Site Operation, Auditing and the Training of Operators and Managers of Waste Management Facilities draft framework document produced.</li> </ul>
	Dense settlements strategy	Implement the dense settlements strategy.	Implementation of intervention plans to manage the water quality effects of nine test cases. The national strategy to manage water quality effects from settlements was reviewed and published as Edition 2.
	Communication and awareness creation	Develop water quality management communication and awareness creation instruments.	<ul style="list-style-type: none"> <li>Posters, a newsletter, website and CDs were produced to create an awareness of water quality management programmes.</li> <li>Scale model of a catchment displaying the relationship between water resources, water uses and water user sectors was developed.</li> </ul>
	Remediation	Develop an integrated policy and strategy to deal with contaminated land and degraded water resources.	Project initiated to formulate a remediation policy, strategy and decision support system.

Sub-programme	Outputs	Service delivery indicators	Actual performance
		Plan, design and manage construction of water pollution control measures at abandoned mines.	Training seminar and workshop held with officials of the United States Environmental Protection Agency regarding historical hydrocarbon pollution and remediation.
	Waste Management	Issue waste disposal site permits in terms of the Environment Conservation Act (Act 73 of 1989).	<ul style="list-style-type: none"> <li>67 Waste disposal sites were issued with permits during the 2001/2002 financial year.</li> <li>All the commercial hazardous waste disposal sites in South Africa are now being controlled via a permit.</li> <li>Directions to manage unpermitted general communal and certain classes of general small waste disposal sites published in terms of Section 20(4) of the Environment Conservation Act.</li> </ul>
		Approve alternative technologies for the treatment of certain waste streams, for example medical waste.	One technology approved.
Working for Water	Clear infested areas of alien vegetation and do follow up work and rehabilitation.	Initial clearing of 209 300 ha.	Initial clearing of 227 400 ha completed.
		Follow-up work to 334 900 ha.	Follow-up work to 285 000 ha.
		Rehabilitation and fire protection to 15 200 ha.	Rehabilitation and fire protection to 10 000 ha.
	Create employment opportunities for poverty relief.	Employment for 19 900 people.	Employment for 20 000 people.
		Employment for 11 291 women.	Employment for 10 791 women.
		Approximately 10% of the people employed to be in youth category.	Some 11% of the people employed were in the youth category.
		Some 0.78% of the people employed to be disabled.	Some 0.73% of the people employed were disabled.

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Training provided by Working for Water employees		<ul style="list-style-type: none"> <li>Development and life skills training provided (including HIV/AIDS awareness): 35 208 training days.</li> <li>Contractor development training provided: 16 204 training days.</li> <li>Functional training provided: 18 101 training days.</li> <li>Total of 69 513 training days.</li> </ul>
	Research	Produce useful research products.	<ul style="list-style-type: none"> <li>Some R7 million spent on biological control research on 17 invading alien plant species.</li> <li>Two resource economics research projects completed: development of a cost benefit analysis framework for Working for Water and natural resource restoration as a catalyst for rural economic development using carbon sequestration funds.</li> <li>Social development research on the household impacts of Working for Water.</li> </ul>



# WATER SERVICES

## PROGRAMME 7 : WATER SERVICES

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

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 service authorities (municipalities).

The changing local government framework provided an important opportunity for the programme to help new municipalities develop and implement appropriate planning, financial and infrastructure systems to achieve their service delivery responsibilities. Workshops were held in all municipalities in collaboration with the South African Local Government Association (SALGA) and the Department of Provincial and Local Government (DPLG) and their provincial counterparts to outline a structured approach to water service provision.

The evolving financial framework for local government posed 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 decision of Cabinet to implement a policy to provide free basic services to ensure universal access, required the development and implementation of strategies at local government level.

The cholera outbreak in KwaZulu-Natal in August 2000 focused the attention of the Department, Government and the nation on the importance of effective sanitation services. The development and implementation of the inter-departmental sanitation policy and strategy was speeded up when Cabinet confirmed the role of

the Department as leader of the inter-departmental effort, under the umbrella of the Municipal Infrastructure Task Team of the DPLG. During the course of the current year, attention was focused on:

- ▶ Finalising regulations and model by-laws for water service provision.
- ▶ Finalising regulations to establish norms and standards for water service tariffs.
- ▶ Producing regulations governing contracts between water service authorities and water service providers.
- ▶ Providing area and local government planning support.
- ▶ Institutionalising the Water Services Development Plan (WSDP) process within district municipalities.
- ▶ Developing the National Information System (NIS) for Water Services.
- ▶ Developing policy, instruments and support units to assist in the implementation of Free Basic Water.
- ▶ Upgrading and implementing the monitoring and evaluation system as an essential tool for the sustainable development of water and sanitation services.
- ▶ Developing appropriate delivery mechanisms and models for water and sanitation delivery as specialist contract support to local government.
- ▶ Developing a strategy for the transfer of water service works to local government or their nominated service providers.
- ▶ Developing policy and strategy to improve basic household sanitation.
- ▶ Collaborating with other departments to develop a strategy to control cholera and related communicable diseases.

In addition, 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, it also provides substantial management support for the execution and delivery of capital projects. This takes place via the Department's regional offices and is reported on under Programme 5.

## Water Services Projects: expenditure and achievements

Province	*Expenditure		People served		Projects completed		Jobs created	
	April 2001 to March 2002	June 1994 to March 2002	April 2001 to March 2002	June 1994 to March 2002	April 2001 to March 2002	June 1994 to March 2002	April 2001 to March 2002	June 1994 to March 2002
Eastern Cape	244.28	814.77	146 387	1 368 260	5	74	18 207	74 265
Free State	29.01	146.63	33 610	285 755	3	30	28 633	13 986
KwaZulu-Natal	323.97	1170.41	603 001	1 893 306	46	129	27 461	115 056
Mpumalanga	168.91	625.23	123 386	977 862	8	32	3 022	58 847
North West	109.99	644.92	105 448	1 321 304	4	46	1 679	76 408
Northern Cape	16.79	87.43	120 135	265 398	-	39	1 679	8 743
Northern Province	255.32	1415.88	527 346	1 509 954	13	49	12 957	139 511
Western Cape	10.86	47.51	5 438	138 838	2	14	2 261	4 272
Gauteng	0.00	1.82	N/A	N/A	N/A	N/A	N/A	N/A
Head Office and others	21.96	606.99	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>1181.09</b>	<b>5561.591</b>	<b>664 7517</b>	<b>760 677</b>	<b>81</b>	<b>413</b>	<b>95 899</b>	<b>491</b>

\* The expenditure is in millions and includes the transferred funds to district municipalities (R175.42 million)

**NB: This table include both water and sanitation progress.**

Similarly, the programme supports the regional offices, which are still responsible for operating water services schemes – again reported on under Programme 5.

In both cases, there were extensive negotiations with National Treasury to ensure that these programmes of support in cash and kind were brought into the ambit of the local government financial system through the provisions of the annual Division of Revenue Act.

## Key outputs and service delivery trends

Sub-programme	Outputs	Service delivery indicators	Actual performance
Macro Planning and Information Systems	Strategic planning on a national, provincial and regional level.	Reference systems per province and district.	A basic planning reference system has been established based on quality information.
		Liaison between the Department, district municipalities, provincial government and other national government departments.	Formal planning forums were established: 27 local and three provincial forums are active.
		Completion of annual water services project selection.	Some 695 basic water services projects were identified for implementation in 2001/2002, and selected through an integrated and participatory process.
		Production of planning support tools.	A costing model and cost benchmarking facility have been developed.
	Facilitate Local Government Water Services Development Planning (WSDP).	Tools and support lead to effective services development.	<ul style="list-style-type: none"> <li>Launch of Water Services Development Planning - General Overview and Preparation Guide. Some 159 municipalities were introduced to the guidelines.</li> <li>Departmental support of the Water Services Development Planning process focussed on 13 nodes of development.</li> </ul>
	Provide water service information.	Implement required information system, production and distribution of information products.	<ul style="list-style-type: none"> <li>A Water Services Development Planning data submission tool was launched in February 2002. Some 83 municipalities registered to use the tool.</li> <li>Completed and accepted the Water Services National Information Systems master systems.</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
			<ul style="list-style-type: none"> <li>Free Basic Water web site and technical models.</li> <li>Improved PMISS web-based data capture tools.</li> <li>New e-guide on communities and their needs.</li> <li>Creation of a departmental Water Services Scheme Asset Register.</li> <li>Establishment of data-sharing protocols between information providers.</li> </ul>
Intervention and Operations Support	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.	<ul style="list-style-type: none"> <li>Regulations: Section 9(1) (Compulsory National Standards) regulations and Section 10(1) (Norms and Standards for Tariffs) regulations promulgated.</li> <li>Section 19(5) (Contracts) regulations finalised in consultation with NEDLAC.</li> <li>Sustainable Water Services Institutional Programme: pilot projects to investigate types of institutional arrangements for water services initiated and supported for municipalities to develop and fulfil their role as water service authorities.</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
	Interventions to address service provision deficiencies.	Specific interventions as required e.g. Free Basic Water.	<ul style="list-style-type: none"> <li>Free Basic Water: study conducted into feasibility; national task team established, stakeholder workshops held and strategy developed and communicated</li> <li>Financial model &amp; guidelines for Local Authorities developed</li> <li>120 local government workshops held to support policy implementation</li> <li>5 pilot Free Basic Water projects were initiated</li> <li>Implementation monitoring system set up.</li> </ul>
	Support to operational processes of the Department.	Operating procedures, operations and maintenance support, and transfer of assets policies developed.	Transfer of Water Services schemes: Structures to facilitate transfer established. A national "Manager Transfers" appointed and transfer processes established.
Local Institutional Development Support	Capacity-building and training for local government.	<ul style="list-style-type: none"> <li>Provide training courses, workshops and other support within the framework agreed on by the South African Local Government Association (SALGA) and the Department of Provincial and Local Government (DPLG).</li> <li>Develop reporting mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration programmes and integrated approaches negotiated with DPLG, LGWSETA and SALGA.</li> <li>Training Needs Assessment of Water Plant Operators completed in targeted municipalities.</li> <li>Review conducted to align key functions, standards and competencies of water service authorities with the requirements of the South African Qualifications Authority and LGWSETA.</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
			<ul style="list-style-type: none"> <li>Water and Waste Water Skills Programme presented to the Water Chamber Committee of the LGWSETA.</li> <li>Guide on Community-based Water Service Provider options developed.</li> </ul>
	Oversee and regulate water boards.	Provide effective oversight, reporting and intervention, where required.	<ul style="list-style-type: none"> <li>Review of the future role of water boards in accordance with new legislative framework requirements in progress.</li> <li>Twelve water boards were assessed.</li> <li>Borrowing powers of water boards were reviewed in terms of the Public Finance Management Act (PFMA).</li> <li>Consultation of the draft amendment to Section 28 of the WSA to enable water boards to operate internationally in support of the New Partnership for Africa's Development (NEPAD).</li> </ul>
	Provide financial assistance to local authorities and water boards.	Provide support.	Financial assistance and support was provided.
Sanitation Support	Sanitation programme development.	Speed up the implementation of basic sanitation	<ul style="list-style-type: none"> <li>Cabinet memorandum on the approach to sanitation and the role of the Department was approved.</li> <li>Draft Inter-departmental National Sanitation Policy was completed.</li> <li>Training programme for sanitation co-ordinators was developed and a community monitoring and evaluation tool for sanitation projects published.</li> </ul>

Sub-programme	Outputs	Service delivery indicators	Actual performance
Project Development Support	Effective capital programmes for the provision of basic water supply and sanitation.	<p>Effective systems and processes to be in place for:</p> <ul style="list-style-type: none"> <li>▶ project business planning</li> <li>▶ project implementation</li> <li>▶ project monitoring and evaluation.</li> </ul> <p>Special purpose delivery programmes to be developed and successfully implemented.</p>	<ul style="list-style-type: none"> <li>▶ Support for implementation of 276 water services projects via funding, business planning processes, monitoring and evaluation and guidelines.</li> <li>▶ Masibambane programme developed to support delivery of water and sanitation in KwaZulu-Natal, the Northern Province and Eastern Cape with grants from the European Union and member states.</li> <li>▶ Implementation of programmes with poverty alleviation and spatial development funds.</li> <li>▶ Implementation of emergency intervention programme in cholera-infested areas.</li> </ul>

#### Transfer payments (funded by Programme 7)

Name of institution	Amount transferred
Bushbuckridge Water Board	R1,564,070
Ikangala Water Board	R1,420,015
Local authorities	R2,9 million
<b>TOTAL</b>	<b>R5,8 million</b>

# FORESTRY

## PROGRAMME 8 : FORESTRY

This programme oversees, regulates, protects and manages both indigenous and commercial forests and offers support to rural communities in managing forest resources.

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

The Department aims to ensure that South Africa's forests are managed in a sustainable manner and that they contribute as much as possible to social and economic development. To these ends the Chief Directorate: Forestry manages commercial and indigenous forests; offers community forestry services; and provides the policy and regulatory framework for the sector as a whole.

The Department's forestry function comprises five directorates: Forestry Regulation, Commercial Forestry, Indigenous Forest Management, Community Forestry and Forestry Policy. Regional offices are maintained in King William's Town, Pietermaritzburg and Nelspruit and area offices are located throughout the country.

During the year under review the process of restructuring the Department's commercial forests made significant progress with the transfer of some 62 000 hectares of plantations to the South African Forestry Company Limited (Safcol) for onward sale to private companies.

This process has been managed in cooperation with the Department of Public Enterprises. The Department is also working on the transfer of certain indigenous forest areas to other state agencies, including South African National Parks

and various provincial departments of environment and conservation. This process is managed in cooperation with the Department of Environmental Affairs and Tourism. The first of these transfers is expected to take place in 2002. The restructuring of smaller plantations is continuing.

The number of people employed in the forestry sections of the Department was reduced by 2 500 people between April 2001 and April 2002.

The Forestry programme comprises the following sub-programmes: Commercial Forestry (currently in the process of restructuring), Indigenous Forest Management, Community Forestry, Forestry Policy and Forestry Regulation.

The Commercial Forestry sub-programme has been significantly reduced due to the transfer of more than half of the Department's plantation areas to Safcol. Some of the remaining plantations are expected to be placed on tender during the course of 2002. The commercial forestry function is currently managed under the Industrial Policy Trading Account, which will be phased out with effect from 1 April 2002.

The Indigenous Forest Management sub-programme manages large areas of South Africa's indigenous forests. Significant progress has been made in implementing the system of participatory forest management, which ensures the involvement of local communities in the management of State forests. A national inventory and Geographic Information System (GIS) map of all indigenous forests under the Department's management was completed. The inventory will now be extended to cover all indigenous forests in the country. This will form the basis of future management planning and will allow Government to report more accurately on the state of forests in South Africa.

The Community Forestry sub-programme offers services to communities in managing their tree and forest resources. This includes economic projects based on forestry, urban greening, rural development projects and fire prevention. In addition, this sub-programme manages some 80





community woodlots which supply firewood and building materials to communities in rural areas. Progress has been made with the efforts to explore the possibility of transferring these assets to community ownership. This sub-programme also manages Arbor Week, which is held during the first week of September each year. Arbor Week 2001 attracted a record number of activities and enthusiastic participation throughout the country.

The Forestry Policy sub-programme helps create the framework for the management of all South Africa's forests. This includes the production of policy papers, supporting research on various aspects of forestry, developing criteria and indicators of sustainable forest management and engagement in international forestry policy

dialogue through the SADC region, the UN Forest Forum and the UN Food and Agricultural Organisation.

During the period under review South Africa participated in the UN Forest Forum in preparation for the WSSD. In addition, this programme is responsible for stakeholder liaison and supports the work of the National Forestry Advisory Council and its committees. The sub-programme also worked with the Department of Labour during this period to examine the possibility of a minimum wage determination for employees in the forest sector.

The Forestry Regulation sub-programme is responsible for regulating the sector through the National Forests Act and the National Veld and Forest Fire Act and for overseeing land leased or delegated to other management agencies. During the period under review two leases were signed, which are now being actively managed. In addition, regulations were published for both acts.

### Key outputs and service delivery trends

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Commercial Forestry (operating under the Industrial Plantations Trading Account)	<ul style="list-style-type: none"> <li>Delivery of timber.</li> <li>Collection of revenue.</li> <li>Replacement of old contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of timber as per contracts.</li> <li>Collection of revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Timber delivered.</li> <li>Revenue increased on a pro-rata basis.</li> <li>Remaining two "ever green" contracts were cancelled.</li> </ul>
Restructuring of commercial forests	Transfer to Safcol, private agencies and communities.	Transfers effective.	<ul style="list-style-type: none"> <li>Category A/large blocks: transfers complete.</li> <li>Category B/medium blocks: process initiated.</li> <li>Category C/small plantations and woodlots: policy for transfer to SMMEs and community managers approved.</li> </ul>
Indigenous Forest Management	Effective management of national forests in line with policy and legislation.	<ul style="list-style-type: none"> <li>Inventory covering all forests.</li> <li>Roll-out of Participatory Forest Management (PFM) Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Inventory of Departmental forests completed.</li> <li>PFM forums established in 20 out of 36 of the Department's managed indigenous forest estates.</li> </ul>

Sub-programme	Key Outputs	Service delivery indicators	Actual performance
Community Forestry	Appropriate services to communities in forest areas.	<ul style="list-style-type: none"> <li>Agreement of core services and plans in place.</li> <li>Provision of appropriate assistance to NGOs.</li> </ul>	<ul style="list-style-type: none"> <li>Plans in place</li> <li>Assistance programme for Food and Trees for Africa, for example, Eduplant and Trees for Homes projects in all provinces, and for the Mineworkers' Development Agency, for example, the Marula project in Mpumalanga</li> </ul>
Forestry Policy	<ul style="list-style-type: none"> <li>Policy documents.</li> <li>Funding of appropriate research.</li> <li>Stakeholder liaison.</li> </ul>	<ul style="list-style-type: none"> <li>Criteria and indicators of sustainable forest management in place.</li> <li>Participation in international processes.</li> </ul>	<ul style="list-style-type: none"> <li>National Forest Programme document is in progress.</li> <li>Draft criteria and indicators have been published.</li> <li>Strong participation in international processes, notably the UN Forests Forum.</li> </ul>
Forestry Regulation	<ul style="list-style-type: none"> <li>Forest leases.</li> <li>Licensing and permit systems.</li> <li>Legislative amendments and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Signing of leases and systems in place to manage them.</li> <li>Preparation of amendments and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Two leases signed.</li> <li>Amendment 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.</li> <li>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).</li> </ul>

# PART 4: Report of the Audit Committee

Report of the Chairperson of the Audit Committee on the effectiveness of internal controls in the Department of Water Affairs and Forestry for the year ended 31 March 2002

During the year under review a number of initiatives were undertaken by the Department to improve financial management controls generally and specifically in the following areas:

- The restructuring of Trading Account to create a separate account for Water Trading Account.
- Changes in accounting practices where the implementation of Basic Accounting System (BAS) will go a long way to address the problems of accrual accounting, which were not catered for by the Financial Management System (FMS).
- The implementation of the code of conduct which provides a framework for identifying conduct that is ethical and acceptable for the officials of the Department who, effectively, act as its agents at all levels.
- The successful transfer of forestlands to private ownership.
- The introduction of the anti-corruption hotline, which has been used to successfully identify weaknesses within the Department.

These initiatives indicated the positive processes that have been undertaken by the department in resolving issues and engaging in an ongoing process of implementing good controls.

Six risk areas identified were audited by internal audit. Controls in the most areas were found to be reasonable. Weaknesses identified in the areas of fleet management and procurement could present significant business risk to the Department if not corrected.

In conclusion 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.

Following our review of the unaudited Annual Financial Statements, presented by management, for the year ended 31 March 2002, we are of the opinion that, in all material aspects, they comply with the relevant provisions of the Public Finance Management Act, 1999 as amended and that they fairly present the results of the operations and the financial position of the Department.

The reports and audit opinions issued by the external auditors should be considered in conjunction with this report.

On behalf of the Audit Committee.

  
CHAIRPERSON, AUDIT COMMITTEE  
DATE: July 2, 2002

# PART 5: Annual Financial Statements

## MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2002

Report of the accounting officer to the executive authority and Parliament of the Republic of South Africa.

### 1. General review of the state of financial affairs

#### 1.1 Important policy decisions and strategic issues facing the Department

The period from 1994 was dominated by the development of new policies, legislation and programmes of implementation in respect of the Department's three legally mandated functional areas of activity: water resource management, water services and forestry. In the late 1990s the Department set in place three new policies and laws which jointly and severally heralded fundamental changes in the ways in which South Africa's water and forest resources, as well as the provision of water-related services, would be managed and regulated.

In addition, the Department, together with other parts of South Africa's Public Service in all spheres of government, has been engaged in extensive institutional and organisational restructuring to meet the needs of the new South Africa. Nationally policies and laws have necessitated the development of internal policies and implementation strategies to facilitate the transformation of the Department.

Many of the internal policies and implementation strategies in the areas of both functional and organisational/institutional transformation were fully developed and either operational or ready to be operationalised with the establishment of formal local government in December 2000. Some developmental work remains to be completed to reflect the long-term division of roles and responsibilities. This will continue during the coming years, including a review of the water service policy to be completed in 2002/2003. In general, however, most of the Department's efforts are directed towards operationalising its policies, laws and strategies. During 2001/2002 a major new initiative was launched with the free basic water policy.

The key departmental objectives, as well as the nationally applicable policies and laws relating to water affairs and forestry, are presented for each of the four areas of work in the Department – Corporate Services, Water Resource Management, Water Services and Forestry.

These objectives relate not only to the policy, strategy and regulatory work undertaken at the Pretoria Head Office, but also to the implementation work undertaken by the regional offices. There are nine regional offices that deal with water-related issues (resource management and services provision): one in each province – four of which also deal with forestry matters.

#### 1.2 Spending trends (Exchequer)

Of the eight programmes, Programme 5: Regional Implementation, dominates spending on this vote. From the total spending of R3,483 billion, an amount of R2,195 billion was spent by Programme 5, which represents 63,03% of the total expenditure, of which R949,46 billion was for water services projects. Included in the total

allocation of R3,518 million, was R380 million from the poverty relief allocation that was mainly used for the continuation of the Working for Water programme. This programme promotes strategies for the eradication of alien vegetation to improve water security, biodiversity and agricultural potential. During the 2001/2002 financial year a further 535 595 hectares of alien vegetation was cleared and follow-up work was done on 301 058 hectares.

## 2. Services rendered by the Department

The main services rendered by the Department are to ensure that water services are provided to all South Africans in an efficient, cost-effective and sustainable way; and that our forests are managed and sustained using the best scientific practice in a participatory and sustainable manner.

### 2.1 Tariff policy for water resources

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

#### Water uses subject to pricing

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

- (a) taking water from a water resource;
- (b) storing water;
- (c) impeding or diverting the flow in a watercourse;
- (d) engaging in a stream flow reduction activity;
- (e) engaging in a controlled activity;
- (f) discharging waste or water containing waste into a water resource by means of a conduit;
- (g) disposing of waste in a manner that may detrimentally impact on a water resource;
- (h) disposing of water that 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 a dam or recharged aquifer will constitute the use; the annual refilling of dams constructed to enhance property values or for recreation, and which are located in important water courses, will constitute the use and will be based on an estimation of evaporation losses; and
- engaging in a stream flow reduction activity, such as afforestation.

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

#### Allowable water uses not subject to pricing

Schedule 1 of the National Water Act states that the following uses require 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 water containing waste into a communal conduit controlled by another authorised person.

## Impact of raw water pricing strategy on different user sectors

Sector	Resource management charge	Resource development and use of water works charge	Economic charge	Phasing in of financial charges
Municipal	<ul style="list-style-type: none"> <li>Full cost recovery.</li> <li>Basic human needs conditionally subsidised.</li> </ul>	<ul style="list-style-type: none"> <li>Government Water Schemes (GWS) depreciation; return on assets (ROA); operation and maintenance (O&amp;M).</li> <li>Water Management Institutions (WMI's): full cost recovery.</li> <li>Basic human needs conditionally subsidised for suppliers from Government Water Schemes and catchment management agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Government Water Schemes excluded.</li> <li>Auctions.</li> <li>Renewable licences.</li> </ul>	Water Resource Management charges introduced fully after registration of water use in water management area (from 2001). Producer price index plus 10% annual increase until target development charge is achieved on Government water schemes. Thereafter increase limited to inflation.
Industrial/ Mining/ Energy	<ul style="list-style-type: none"> <li>Full cost recovery</li> </ul>	<ul style="list-style-type: none"> <li>Government Water Schemes: depreciation; return on assets; operation and maintenance.</li> <li>Water management institutions: full cost recovery.</li> </ul>	<ul style="list-style-type: none"> <li>Government Water Schemes excluded.</li> <li>Auctions.</li> <li>Renewable licences.</li> </ul>	As for the municipal sector.
Stream flow reduction activities (forestry sector and others to be declared)	<ul style="list-style-type: none"> <li>Full cost of allocated costs (costs of dam safety control and Working for Water programme not allocated to the forestry sector).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable, except where negotiated for new development.</li> </ul>	<ul style="list-style-type: none"> <li>Auctions.</li> <li>Renewable licences.</li> </ul>	Introduced after full registration of existing water use has been accomplished in a particular water management area (from 2001).
Irrigation: commercial farmers	<ul style="list-style-type: none"> <li>Full cost recovery of allocated costs.</li> <li>Subsidy of 90% on Working for Water programme for limited period.</li> </ul>	<ul style="list-style-type: none"> <li>Cost recovery initially in terms of negotiated agreement on existing Government Water Schemes.</li> <li>Depreciation plus O and M is targeted at existing Government Water Schemes and for existing development on new Government Water Schemes.</li> <li>Full financial cost recovery for new development on Government Water Schemes.</li> </ul>	<ul style="list-style-type: none"> <li>Stepped tariffs on existing Government water schemes.</li> <li>Auctions.</li> <li>Renewable licences.</li> </ul>	Existing agreement to be maintained until March 2001. Depreciation charge to be phased in on Government Water Schemes from April 2001 in terms of new agreement. Water Resource Management charge introduced after registration of water use in water management areas (2001).

Sector	Resource management charge	Resource development and use of water works charge	Economic charge	Phasing in of financial charges
Irrigation: emerging farmers	<ul style="list-style-type: none"> <li>As above, but subsidised for a five-year period on Government water schemes.</li> </ul>	<ul style="list-style-type: none"> <li>Water users association: full financial cost recovery.</li> <li>Operation and management subsidised for a five-year period on existing and new Government water schemes.</li> <li>Depreciation plus operation and management is targeted at existing and new Government water schemes.</li> <li>Water users association: subsidies available on capital cost.</li> </ul>		<p>Government water schemes: charges phased in on equitable basis after registration. Outside Government water schemes: Water Resource Management charge introduced fully after registration.</p>

## 2.2 Tariffs for the sale of timber

With the disposal of the major commercial forests to SAFCOL and further restructuring, the Department's role as a supplier has diminished considerably. Where it still supplies logs it is the Department's policy to get close to price parity with SAFCOL. SAFCOL's products have the Forestry Steward Council (FSC) label on them. This is a green label, which states that the product emanates from plantations that are managed in an environmentally sound manner. The Department does not have this certification and cannot ask the same price. The Department is also aware that if similar prices are charged, this can be interpreted as price collusion. At this stage the aim is to be within 10% of the SAFCOL price for Class B, C and D sawlogs.

The policy with regard to sawn timber is to achieve market-related prices. However, as the mill is far from the market, the product does not comply with the SABS grading standard. Because there is no dedicated sales team, linked to the fact that the market is volatile, the prices achieved are on average 10 to 15% lower than the market price.

## 2.3 Free services

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

Presently, more than 26 million people, representing 66% of the total population served by water supply infrastructure, live in areas where free basic water is provided. On 1 July 2002 (the start of local government's financial year), 24 additional local authorities were to commence with the implementation of the free basic water policy, benefiting another three million people and bringing the total with access to free basic water to 29 million people (representing 76,5% of those with access to water). The Department has established provincial support units to proactively engage those local authorities that have not yet commenced with implementation, and also to provide these local authorities with financial modelling and technical guidance support.



### 3. Under/(over) spending

#### 3.1 Spending according to programmes

Programme	Amount voted 2001/2002	Expenditure 2001/2002	Savings (excess) 2001/2002
	R'000	R'000	R'000
1. Administration	211 418	211 373	45
2. Water Resource Assessment	84 183	83 929	254
3. Integrated Water Resource Planning	57 360	50 235	7 125
4. Water Resource Development	363 201	359 157	4 044
5. Regional Implementation	2 225 663	2 195 585	30 078
6. Integrated Water Resource Management	81 127	74 639	6 488
7. Water Services	73 366	67 500	5 866
8. Forestry	422 123	434 468	(12 345)
9. Special functions		6 169	(6 169)
<b>Total</b>	<b>3 518 441</b>	<b>3 483 055</b>	<b>35 386</b>

#### 3.2 Reasons for under/(over) spending

See appropriation account.

#### 3.3 Impact on programmes and service delivery

The delay in the finalisation of some projects had an impact on service delivery in that certain services could not be delivered on time.

#### 3.4 Actions taken to avoid recurrence

- ▀ Intensified efforts to increase capacity by filling all vacancies.
- ▀ Ensuring that plans are timeously in place for the implementation of projects.
- ▀ Improved cash flow management.
- ▀ Improved programme/project management.

### 4. Capacity constraints

The need for improved project and programme management skills for staff of the Department for the Community Water Supply and Sanitation Programme (CWSSP) was identified some time ago. In 1999, the Programme Management Improvement Project (PMIP) was launched and

implemented. This was supported by the Programme Management Information Support Systems (PMISS) and has resulted in a significant improvement in the Department's capacity. With the transfer of responsibilities for implementation to the local government, capacity development at this level will be critical. Staff from district municipalities as well as implementing agents will continue to be trained.

### 5. Utilisation of donor funds

During the 2001/2002 financial year an amount of R253,280 million was spent in respect of money received from donors. These funds were mainly utilised for water services projects. More details are provided in the Statement of Foreign Aid Assistance received.

It should be noted that the funding covers physical infrastructure as well as capacity-building, institutional support, poverty relief/job creation etc. The effectiveness of these funds can be measured by the number of people served with water, the number of toilets built and jobs created, as well as the effective ongoing operation of the systems.



## 6. Trading entities

The Department operates the Water Trading Account, Industrial Plantations Trading Account and Equipment Trading Account. These trading entities were established in terms of the old Exchequer Act, 1975 (Act 66 of 1975). All three trading accounts are operating within the Department and the Director-General is the accounting officer of all these entities.

### 6.1 Water Trading Account

The Water Trading Account is divided into four sub-programmes and funds the implementation of catchment management activities, the operation and maintenance of government water schemes and regional bulk water supply, as well as the supply of water services.

### 6.2 Industrial Plantations Trading Account

The Industrial Plantations Trading Account is responsible for:

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

### 6.3 Equipment Trading Account

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

## 7. Public entities

The Trans-Caledon Tunnel Authority, the Water Research Commission (WRC) and the water boards report to the Department.

### 7.1 Trans-Caledon Tunnel Authority (Schedule 2)

The Trans-Caledon Tunnel Authority was established in 1986 in terms of the Water Act, 1956 (Act 54 of 1956) to fund all costs incurred in the water delivery component of the Lesotho Highlands Water Project. The project aims to augment water supply to the Vaal system and to generate hydro-electric power in Lesotho. The Department directed the authority to undertake financial risk management on behalf of South Africa. It is currently undertaking this for the Umgeni Water supply area and the Western Cape system area as well.

The Lesotho Highlands Water Commission (LHWC), comprising representatives from both governments, monitors the administrative, technical and financial activities of the Lesotho Highlands Development Authority. Following revisions to the protocol governing the implementation of the project, new governance arrangements are being introduced to improve operational efficiency. In terms of its revised establishment agreement, the authority may be required to perform additional responsibilities in other areas. These need not be related to the Lesotho project only – the Department of Water Affairs and Forestry may require specific expertise on other projects as well. No grants are made to the authority, as it is funded from income on tariffs levied on the sale of water and other loans.

### 7.2 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 coordination, communication and cooperation 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. It 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 the levy on water users. 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.

### 7.3 Water boards (Schedule 3 – Part B)

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, 1997 (Act 108 of 1997). They 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.

These boards are as follows (old names in brackets):

- ▶ Albany Coast Water
- ▶ Amatola Water
- ▶ Bloem Water
- ▶ Botshelo Water (North West Water Supply Authority)
- ▶ Bushbuckridge Water
- ▶ Ikangala Water
- ▶ Lepelle Northern Water
- ▶ Magalies Water
- ▶ Mhlathuze Water
- ▶ Namakwa Water
- ▶ Overberg Water
- ▶ Pelladri Water
- ▶ Rand Water
- ▶ Sedibeng Water
- ▶ Umgeni Water

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 Section 39, 40 and 43 respectively. In terms of the Act the Minister may direct a water board to amend its business plan or policy statement if aspects are not consistent with the Act or are deemed not to be in the best interests of the general population. The review of business plans takes place annually, during which time each water board has to respond to

issues raised in the Department's appraisal of their business plan.

In 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 ensure implementation of its business plan and policy statement (Section 38(1)).

In terms of Section 32(b), water boards are required to enter into service provider agreements when performing their primary or other activities. These agreements are also intended to serve as mechanisms 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. Furthermore, in terms of the PFMA, the accounting authority is the Board and its fiduciary responsibilities are spelled 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.

## 8. Other entities

### 8.1 Komati River Basin Water Authority (KOBWA)

The Komati River Basin Development Project is a joint development between South Africa and Swaziland in terms of the Treaty of 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 (KOBWA), is the executive body charged with managing and financing the project. The main focus of the project was the construction of the Driekoppies Dam in the RSA and the Maguga Dam in Swaziland. Both dams have already been completed. KOBWA was established in terms of a treaty between Swaziland and the RSA.

### 8.2 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, 1998 (Act 84 of 1998), the Minister is the sole trustee of the Trust. The only source of revenue is interest earned on an investment at the Corporation of Public Deposits. The Trust was established in terms of the Forestry Act, 1998 (Act 84 of 1998).

## 9. Entities to whom transfer payments have been made

Transfer payments were made to various district municipalities. The payments were made for the implementation of capital projects in accordance with an approved business plan as part of the Community Water Supply and Sanitation Programme (CWSSP). The funds were intended to cover the period up to the end of the district municipality's financial year (June 2002).

Each transfer was done in terms of a transfer agreement as approved by the Director-General

(Accounting Officer) and accountability arrangements were addressed in this agreement. Transfer payments were also made to municipalities to subsidise the erection cost of water and sewage works.

Other transfer payments were made to the following entities:

- Water boards – R3,484 million
- Water user associations – R17,148 million
- Komati Basin Water Authority (KOBWA) – R96,828 million
- Land Bank – R3,281 million

Transfer payments to water boards are intended to cover operation and maintenance costs on Department of Water Affairs and Forestry Water Services schemes managed by these water boards as the Department's agent. Only the costs that cannot be recovered from revenue are subsidised through these transfer payments. Agreements have been entered into with each and every water board and accountability arrangements are outlined in these agreements.

On the other hand transfer payments to water user associations are intended to cover operation and maintenance costs on the Department's irrigation schemes transferred to water user associations. Emerging farmers are also subsidised through these transfer payments. Water user associations are held accountable in the same way as the water boards are.

The transfer payment to KOBWA is intended for the repayment of a loan that was raised to construct the Driekoppies and Maguga dams.

The payment to the Land Bank was in respect of Kalahari East. The Department of Water Affairs and Forestry accepted responsibility, in terms of the State guarantee, to the maximum total value of R300 million given to the Land Bank by the respective former ministers of Agriculture and Finance in 1993, for the payment of the difference between the association's actual instalments and that which the association could afford to pay annually in respect of its commitments.

## 10. Public/private partnerships (PPP) entered into by the Department

The Department has not entered into any public/private partnerships registered as such by National Treasury although many projects, such as those in conjunction with the LHWC, KOBWA and similar projects of a smaller scale have many of the characteristics of public/private partnerships. The Department's transport fleet has been outsourced through a contract negotiated by the Department of Transport and its IT functions have been outsourced through an integrater contract.

## 11. Corporate governance arrangements

Programme managers have been tasked with the responsibility of managing risk areas, depending on the identified risks. The risks that the Department faces are evaluated on an annual basis, after which the strategic and operational internal audit plans are updated accordingly. Internal Audit addresses the focus areas within a specific time frame. In order to manage risks, management is also committed to designing and maintaining reliable internal control systems.

### 11.1 Fraud prevention policies

A fraud prevention policy has been developed to reduce fraud and to indicate the Department's stance on fraud.

### 11.2 Effectiveness of internal audit and audit committee

Internal Audit provides management with the assurance that the Department is managed within the guidelines of good corporate governance: most importantly it also provides management with the assurance of the adequacy and effectiveness of internal controls. It is independent and objective in performing its duties.

The Audit Committee has been established to ensure independence and three of its members have been appointed from outside the public service. The Audit Committee monitors the effectiveness of internal controls in the Department.

## 11.3 Other governance structures

The Department has governance structures in the form of committees and sub-committees which are composed of senior managers and which are responsible for the coordination, integration and/or the implementation of the policies and rules.

The governance structures in the Department are established to achieve, amongst others, accountability, a culture of respect and human dignity, value for money, enhancement of management capacity, etc. Some examples of such governance structures are the Executive Committee (EXCO), Management Committee (MANCO), Transformation Management Committee (TMC), Information Technology Committee (ITC), Audit Committee (AC), Departmental Control Committee (DCC), etc.

### 11.4 Implementation of a code of conduct

The Department began implementing the New Management Framework prior to the introduction of this framework on 1 July 1999.

This process coincided with New Disciplinary Code and Procedure and the Code of Conduct for the Public Service. The latter was an initiative driven by the Public Service Commission.

The Department has since implemented the dictates of both the Disciplinary Code and Code of Conduct for the Public Service in the following manner:

- By creating awareness through briefing sessions, internal publications, dedicated workshops, a corruption conference and setting up institutional infrastructure to address issues of conduct within the Department.
- Atoll-free anti-corruption hotline to encourage whistle-blowing was established and has been successful.
- Continuous interface between Internal Audit and Labour Relations has yielded results that addressed the unethical, dishonest and other conduct that threatened the integrity of the Public Service.
- The Department is currently involved in a dedicated process to has adopted

extensive management guidelines to regulate people relationships in the Department.

- Human Resources Management, on the other hand, has already succeeded in adopting policies that optimise the management of human resources.

A specific understanding was reached with the Office of the Public Protector to address complaints efficiently.

The Public Service Code of Conduct is yielding the desired results because the people management in the Department has improved. The relationship with unions is one characterised by trust, respect and joint problem-solving.

The determination of the Department to address conduct, which undermines the Code of Conduct, can be judged against the actions taken against employees at various levels.

#### 11.5 Safety, health and environmental issues facing the organisation

The Department is making good progress with the implementation of the Occupational Health and Safety Act. There are, however, still some outstanding issues like the appointment of competent persons for the supervision of work, the appointment of health and safety representatives and safety committees in some regions.

## 12. Activities to be discontinued

- A three-year programme has been initiated to transfer all the Department's water services operating and maintenance activities to water services institutions (local government or water boards). Planning for the implementation of the programme commenced during the period under review and will be executed in terms of a framework that has been included in the Division of Revenue Act, 2002 (Act 5 of 2002).
- In 1994 the Department assumed the role of an interim water service provider when it took transfer/responsibility of

the water schemes that were managed by the former administrations. The understanding was that the Department of Water Affairs and Forestry would manage and run these schemes until local government was in a position to assume responsibility for the delivery of water services to the communities. The Municipal Systems Act, the Water Services Act and the Municipal Structures Act all address the responsibility that local government has regarding the provision of water services. The purpose of developing a transfer programme is to expedite the transfer of these assets to local government.

While the Department will gradually relinquish its water service provider responsibilities, the level of service that is currently being delivered by the schemes operated by the Department to the various communities will be maintained and improved. This will include the delivery of free basic services to indigent communities. The transfer of the water schemes should not have any negative impact on the continued delivery of services to these communities. In line with the Government's sustainability objective, the overall level of service delivery by the institution that has taken transfer of the scheme should improve over time.

Financial support will be provided to implement the transfer process. The extent of the financial support will be defined when the transfer agreements have been negotiated and signed between the Department and the receiving institution. The nature of the financial support will change from the current "grant in kind" (Schedule 6 of the Division of Revenue Act) format to a "conditional grant" dealt with as a transfer payment (Schedule 5 of the Division of Revenue Act). The conditional grant system will be used until the end of the 2004/2005 financial year. From the 2005/2006 financial year

the operating conditional grants for water schemes that have been transferred to municipalities will be included in the "equitable" share allocation administered by the Department of Provincial and Local Government.

- ▶ On the forestry side certain portions of commercial forestry were transferred to SAFCOL and other entities. The transfer of more forests will continue.

### 13. New/proposed activities

None.

### 14. Events after the accounting date

No events that materially influenced the Department's state of financial affairs took place after the accounting date.

### 15. Progress with financial management improvements

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

With the introduction of the Public Finance Management Act, the Department developed programmes to train managers in financial management. This training was conducted across the Department. More than 460 people have been trained. SAMDI also presented training on financial management to about 150 senior officials.

Almost all managers have been exposed to training on generic financial management responsibilities. Training courses were presented that had been arranged internally, as well as courses arranged and offered by SAMDI.


More than 610 staff members of the Department have received training on the Public Finance

Management Act and related financial responsibilities over the past two years (2000 and 2001).

A better understanding of each official's responsibilities has been achieved. This has resulted in an improved management of resources as well as an awareness of the implications of financial mismanagement.

### Approval

The annual financial statements set out on pages 1 to 54 have been approved by the Accounting Officer.



**A.M. Muller**  
DIRECTOR-GENERAL

16/08/2002





# Report of the Auditor-General to parliament on the financial statements of

## THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY – VOTE 33 for the year ended 31 March 2002

### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 109 to 138, for the year ended 31 March 2002, 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 Inclusion of transactions and/or information relating to the department's trading entities in the financial statements and notes to the financial statements of the vote

Full and proper records of the financial affairs of the trading entities had not been maintained separately from those of the vote. Consequently, 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 transactions and balances that are inclusive of those of the trading entities are as follows:

- Suspense accounts
  - Receivables – current:  
R49,9 million (note 14)
  - Prepayments and advances:  
R85,2 million (note 15)
  - Payables – current:  
R166,5 million (note 22)
- Authorised losses –  
R6,1 million (note 10)
- Short-term employee benefits –  
R403,3 million (note 29)

The department could not determine the amounts relating to the various trading entities, as the information was not readily available. In addition, the department still shared a bank account and warrant voucher series with the Water Trading Account, the Industrial Plantations Trading Account, the Equipment Account and the National Forest Recreation and Access Trust. This practice hampered control over, and administration of the accounting system.

Separate Paymaster-General accounts were not opened in 2001-02 for the Water Trading Account and the Equipment Account, as the department would be implementing the Basic Accounting System (BAS) in 2002-03. A separate account was also not opened for the Industrial Plantations Trading Account due to the abolishment of the account on 31 March 2002.

### 3.2 Supporting evidence not submitted during the audit

Supporting documentation, including evidence of procurement procedures followed and approvals obtained, could not be submitted during the audit in respect of payments amounting to R13,6 million. The department's financial records did not permit the application of adequate alternative audit procedures. The accuracy, completeness and validity of the expenditure could not be confirmed.

### 3.3 Recoverable revenue account

The recoverable revenue account as disclosed in the balance sheet has a credit balance of R5,2 million. The department could not provide adequate supporting evidence to support this account and the financial records did not permit the application of adequate alternative audit procedures. The accuracy and completeness of this amount could therefore not be confirmed.

## 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 of Water Affairs and Forestry at 31 March 2002 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 Matters not affecting the financial statements

#### 5.1.1 Inadequate control over clearing and suspense accounts

The controls over the majority of the clearing and suspense accounts were severely lacking, and the controls required in terms of section 17.1 of the Treasury Regulations had not been followed.

The consequences of the lack of controls manifested in lapses in the following areas, among others:

- ▶ The suspense account for Warrant Vouchers Not Punched (R2,9 million) included in note 14.4 comprises various warrant vouchers of which the processing as expenditure had been delayed. Some amounts which had been cleared were incorrectly cleared in the 2002-03 financial year;
- ▶ Suspense accounts disclosed under note 14 (Receivables) include amounts in excess of R2,1 million which should have been written off and for which approval to write off the amount is currently being obtained; and
- ▶ There was a significant increase in the amount of debts written off as disclosed in note 10.4 of the financial statements. Of the amount written off, R1,8 million should have been recovered from the persons' pensions and/or final salary payments through the controls and administrative processes of the department.

#### 5.1.2 Unauthorised expenditure

Attention is drawn to note 12 and programme 8 of the appropriation statement which reflect an overspending of R12,3 million that has been classified as unauthorised.



### 5.1.3 Recoverability of state loans to certain water boards, irrigation boards and municipalities

The department administers state loans to various entities. The total outstanding interest and capital of R248,2 million as at 31 March 2002 is included in note 17 to the financial statements.

However, the above-mentioned amounts include arrears amounting to R7,5 million which have been identified as potentially irrecoverable.

### 5.1.4 Payments made in respect of guaranteed Land and Agricultural Development Bank loans

Transfer payments totalling R16,4 million were made during 2000-01 and 2001-02 to the Land and Agricultural Development Bank in respect of guarantees provided on behalf of two water user associations. The department intends to recover the amounts paid to the Land and Agricultural Development Bank from the water user associations and has reflected these outstanding amounts in the financial statements. However, the recoverability of these amounts is uncertain.

### 5.1.5 Other internal control weaknesses

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

- ▶ A fraud prevention plan was not in place during the financial year under review;
- ▶ Interest was not charged on all debts in terms of section 11.5.1 of the Treasury Regulations;
- ▶ Third parties instituted deductions from employees' salaries which exceeded 40% of employees' gross salary (after government deductions) and insurance deductions which exceeded in total 15% of such salary, which was in contravention of section 23.3.7 of the Treasury Regulations. Although it is the responsibility of the National Treasury to enforce third parties to comply with the relevant Treasury Regulations, the department should consider

implementing a system that enables identification and reporting of the transgressions to the National Treasury.

### 5.1.6 Information systems audit

An information systems audit was completed on the general controls surrounding the Logistical Information System (system) during July 2002 and recommendations were brought to the attention of the accounting officer. At the time of compiling this report the comments of the accounting officer were not yet due.

The key findings arising from the audit indicated that although some controls were in place in the general control environment surrounding the system, control weaknesses existed in the general control environment at the State Information Technology Agency as well as at the department. For example, the system lacked a formally documented disaster recovery plan and user account management standards and procedures. Furthermore, procedures had not been implemented to ensure the monitoring of the availability of the system. Security violations were not monitored on the mainframe operating system by means of activity and access violation logs.

### 5.1.7 Submission of financial statements and supporting information

Annual financial statements for the year ended 31 March 2002 were submitted for audit purposes on 31 May 2002. In terms of section 40(1)(a) of the PFMA, it is the accounting officer's responsibility to keep full and proper records of the financial affairs of the department in accordance with prescribed norms and standards. These records support the information contained in the annual financial statements and are used as supporting audit evidence. However, since significant supporting audit evidence had to be requested by the department from its regional offices and the volume requested had increased compared with prior years, the information was not submitted timeously. This had the result that I was not able to fulfil my reporting responsibility within the prescribed period which elapsed on 31 July 2002.

## **6. APPRECIATION**

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



S AFakie

AUDITOR-GENERAL

Pretoria

23/08/2002

# Statement of accounting policies and related matters

for the year ended 31 March 2002

Unless otherwise indicated, the financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects. 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, 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, 1 of 2001.

## 1. Basis of preparation

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

## 2. Revenue

Voted funds are the amounts appropriated to a Department in accordance with the final budget known as the adjustment estimate. Interest received is recognised upon receipt of the funds. No accrual is made for interest receivable from the last receipt date to the end of the reporting period. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund.

Dividends received are recognised as revenue in the financial statements of the Department. However, they are also recognised as an expense in the same year, as the dividends are paid over to the Revenue Fund.

## 3. Expenditure

Capital and current expenditure are recognised in the income statement when the payment is made. Interest paid is also recognised when paid and when no accrual for interest is made between the payment date and the reporting date.

## 4. 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, authorised by Parliament, 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; and
- user manuals: directives in respect of Procurement of the Department of Water Affairs and Forestry.

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party.

#### 5. Debts written off

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

#### 6. Assets

Physical assets (fixed assets, moveable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement.

#### 7. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

#### 8. 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 National/Provincial Revenue Fund or another party.

#### 9. Provisions

Provisions are not normally recognised under the cash basis of accounting.

#### 10. 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.

#### 11. Subsequent payments

Payments made after the accounting date that relate to goods and services received before or on the accounting date are disclosed as a note to the financial statements. These payments are not recognised as a liability in the balance sheet or as an expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

#### 12. 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 only recognised and expensed 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 Revenue Fund and not in the financial statements of the employer department.

##### Medical benefits

The Department provides medical benefits for (certain/all) 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.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

### 13. 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.

### 14. 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.

### 15. 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.

# Income Statement

## for the year ended 31 March 2002

	Note	2001/02 (R'000)	2000/01 (R'000)
<b>REVENUE</b>			
Voted funds		3 518 441	3 177 330
Non voted funds			
- Sales of goods and services	1	3 743	3 958
- Other receipts	2	54 967	64 215
Local and foreign aid assistance (including RDP funds)	3.1	296 121	42 494
<b>TOTAL REVENUE</b>		<b>3 873 272</b>	<b>3 287 997</b>
<b>EXPENDITURE</b>			
Personnel	4	437 056	378 516
Administrative		136 635	123 805
Inventories		100 573	72 129
Equipment	5	71 845	58 938
Land and buildings	6	3 087	7 778
Professional and special services	7	1 111 806	996 942
Transfer payments	8	1 615 171	1 399 113
Miscellaneous	9	713	3 379
Special functions: authorised losses	10	6 169	595
Local and foreign aid assistance (including RDP funds)	11	253 280	91 709
<b>TOTAL EXPENDITURE</b>		<b>3 736 335</b>	<b>3 132 904</b>
<b>NET SURPLUS FOR THE YEAR</b>			
		<b>136 937</b>	<b>155 093</b>
Add back unauthorised expenditure	12.2	12 345	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>149 282</b>	<b>155 093</b>
<b>ANALYSIS OF NET SURPLUS FOR THE YEAR</b>			
Voted funds to be surrendered to Revenue Fund			
- Gross funds to be surrendered	19	47 731	136 135
Revenue to be surrendered to Revenue Fund	20	58 710	68 173
Local and foreign aid assistance (including RDP funds)			
- Repayable to donors	23	54 722	7 372
- Recoverable from donors	23	(11 881)	(56 587)
		<b>149 282</b>	<b>155 093</b>

# Balance Sheet

at 31 March 2002

## ASSETS

Current assets  
 Unauthorised, and fruitless and wasteful expenditure  
 Cash and cash equivalents  
 Receivables  
 Prepayments and advances  
 Local and foreign aid assistance (including RDP funds) recoverable from donors  
 Loans

Non-current assets  
 Loans  
 Other financial assets

### Total assets

## LIABILITIES

Current liabilities  
 Voted funds to be surrendered  
 Revenue funds to be surrendered  
 Bank overdraft  
 Payables

### Total liabilities

## NET ASSETS/EQUITY

Capitalisation reserve  
 Recoverable revenue

### Total net assets/equity

Note	2001/02 R'000	2000/01 R'000
	217 895	242 428
12	14 889	2 544
13	3 483	22 856
14	49 966	55 279
15	85 223	50 133
16	40 076	82 917
17	24 258	28 699
	366 089	371 478
17	240 397	245 260
18	125 692	126 218
	<b>583 984</b>	<b>613 906</b>
	314 089	334 833
19	47 731	136 135
20	24 023	29 219
21	75 777	16 639
22	166 558	152 840
	<b>314 089</b>	<b>334 833</b>
	269 895	279 073
	264 655	273 959
	5 240	5 114
	<b>269 895</b>	<b>279 073</b>

# Statement of changes in net Assets/Equity

## for the year ended 31 March 2002

	Note	2001/02 R'000	2000/01 R'000
<b>Capitalisation reserve</b>			
Opening balance		273 959	-
Net movement in balance		(9 304)	273 959
<b>Closing balance</b>		<b>264 655</b>	<b>273 959</b>
<b>Recoverable revenue</b>			
Opening balance		5 114	3 025
Net movement in balance	25	126	2 089
<b>Closing balance</b>		<b>5 240</b>	<b>5 114</b>

# Cash flow statement

## for the year ended 31 March 2002

	Note	2001/02 R'000	2000/01 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	24	1 292 271	1 226 801
Cash (utilised) to (increase)/working capital	25	(15 407)	(32 509)
Voted funds and Revenue funds surrendered	26	(200 041)	(209 731)
Net cash flow available from operating activities		1 076 823	984 561
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		(1 157 559)	(1 066 962)
Purchase of equipment	24	(71 845)	(58 938)
Purchase of land and buildings	24	(1 545)	(6 802)
Purchase of capital items	24	(1 084 169)	(1 001 222)
Net cash flows from operating and investing activities		(80 736)	(82 401)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		2 225	(4 746)
Proceeds from loans		(3 281)	(13 129)
Repayment of loans		5 506	8 383
Net (decrease) in cash and cash equivalents		(78 511)	(87 147)
Cash and cash equivalents at beginning of period		6 217	93 364
Cash and cash equivalents at end of period	13/21	<b>(72 294)</b>	<b>6 217</b>



# Notes to the Annual Financial Statements

for the year ended 31 March 2002

## 1. SALES OF GOODS AND SERVICES

DESCRIPTION	2001/02 R'000	2000/01 R'000
Selling of forestry related products	3 743	3 958
	<b>3 743</b>	<b>3 958</b>

## 2. OTHER RECEIPTS

DESCRIPTION	2001/02 R'000	2000/01 R'000
Cheques written back	408	987
Interest received	24 976	28 605
Recoveries of housing rent	1 515	960
Refund on State loans	5 506	8 383
Subsidised transport	4 318	9 763
Repay of previous years' income	738	3 590
Administration fees: Insurance	2 023	2 281
Lease income on equipment	7 155	6 546
Miscellaneous	8 328	3 100
	<b>54 967</b>	<b>64 215</b>

2.1 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)

Nature of gift, donation and sponsorship

	2001/02 R'000	2000/01 R'000
Sponsorship: US Department of State	12	-
	<b>12</b>	<b>-</b>

## 3. LOCAL AND FOREIGN AID ASSISTANCE (INCLUDING RDP)

3.1 Received in cash	Note	2001/02 R'000	2000/01 R'000
Local aid assistance (including RDP funds)	3.2	60	2 060
Foreign aid assistance	3.3	296 061	40 434
		<b>296 121</b>	<b>42 494</b>

3.2 Local aid assistance (including RDP funds)  
Description

Plettenberg Bay Municipality	-	500
Knysna Municipality	-	200
Hermanus Municipality	-	1 285
Old Mutual	-	15
Umpumelelo Award	60	60
	<b>60</b>	<b>2 060</b>

# Notes to the Annual Financial Statements

## for the year ended 31 March 2002 (continued)

3.3	Foreign aid assistance		2001/02	2000/01
	Description		R'000	R'000
	Denmark		2 470	2 498
	European Union		268 488	26 985
	Finland		-	4 046
	Netherlands		20 587	583
	Norway		4 000	3 000
	Republic of China		516	3 200
	United States Treasury		-	122
			<b>296 061</b>	<b>40 434</b>

3.4	Received in kind (value not included in income statement)		2001/02	2000/01
		Note	R'000	R'000
	Foreign aid assistance	3.5	139 570	23 284
			<b>139 570</b>	<b>23 284</b>

3.5	Foreign aid assistance		2001/02	2000/01
	Description		R'000	R'000
	DFID - UK (Department for International Development, United Kingdom)		-	23 284
	China		105 000	-
	Norway		19 000	-
	Denmark (Danced)		15 570	-
			<b>139 570</b>	<b>23 284</b>

### 4. PERSONNEL

		2001/02	2000/01
		R'000	R'000
	Basic salary costs	284 467	254 912
	Pension contributions	40 737	36 414
	Medical aid contributions	17 874	14 158
	Other salary related costs	93 978	73 032
		<b>437 056</b>	<b>378 516</b>
	Average number of employees	<b>21 136</b>	<b>22 694</b>

### 5. EQUIPMENT

		Note	2001/02	2000/01
			R'000	R'000
	Capital	5.1	71 845	58 938
			<b>71 845</b>	<b>58 938</b>

# Notes to the Annual Financial Statements

for the year ended 31 March 2002 (continued)

5.1 Capital equipment analysed as follows:

	2001/02 R'000
Computer equipment	22 088
Furniture and office equipment	5 326
Other machinery and equipment	44 431
	<u>71 845</u>

## 6. LAND AND BUILDINGS

	Note	2001/02 R'000	2000/01 R'000
Current expenditure			
- Rental		1 542	976
Capital expenditure	6.1	1 545	6 802
		<u>3 087</u>	<u>7 778</u>

6.1 Capital property expenditure analysed as follows:

	2001/02 R'000
Land	1 456
Non-residential buildings	89
	<u>1 545</u>

## 7. PROFESSIONAL AND SPECIAL SERVICES

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Auditors' remuneration	3 261	-	3 261	3 036
Contractors	23 544	273 143	296 687	208 761
Consultants and advisory services	100 382	619 450	719 832	712 094
Computer services	62 931	4 217	67 148	56 285
Other	24 181	697	24 878	16 766
	<u>214 299</u>	<u>897 507</u>	<u>1 111 806</u>	<u>996 942</u>

# Notes to the Annual Financial Statements

## for the year ended 31 March 2002 (continued)

### 8. TRANSFER PAYMENTS TRANSFEREE

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
<b>Conditional grants paid to</b>				
Mbobbela Local Municipality	-	2 000	2 000	-
Serne Local Municipality	-	7 400	7 400	-
Msukaligwa Local Municipality	-	2 600	2 600	-
Albert Luthuli Local Municipality	-	1 125	1 125	-
Lekwa Local Municipality	-	5 933	5 933	-
Mkhondo Local Municipality	-	2 000	2 000	-
Groblersdal District Municipality	-	4 000	4 000	-
Emalahleni District Municipality	-	1 679	1 679	-
Thembisile District Municipality	-	550	550	-
Mbombela District Municipality	-	550	550	-
Nkomazi District Municipality	-	8 165	8 165	-
Thaba Chueu District Municipality	-	750	750	-
UGU District Municipality	-	4 999	4 999	-
Indlovu District Municipality	-	744	744	-
Uthukela District Municipality	-	2 412	2 412	-
Umzinyathi District Municipality	-	1 006	1 006	-
Amajuba District Municipality	-	120	120	-
Uthungulu District Municipality	-	6 100	6 100	-
Ilembe District Municipality	-	1 931	1 931	-
Sisonke District Municipality	-	704	704	-
Zululand District Municipality	-	1 838	1 838	-
West Coast District Municipality	-	4 713	4 713	-
Mangaung Local Municipality	-	6 770	6 770	-
Capricorn District Municipality	-	17 869	17 869	-
Alfred Uzo District Municipality	-	17 418	17 418	-
Amatola District Municipality	-	20 490	20 490	-
Cacadu District Municipality	-	12 094	12 094	-
Chris Hani District Municipality	-	4 577	4 577	-
OR Tambo District Municipality	-	12 098	12 098	-
Ukhahlamba District Municipality	-	5 435	5 435	-
Bojanala District Municipality	-	12 500	12 500	-
Central District Municipality	-	4 850	4 850	-
<b>Other transfers</b>				
Equipment trading account	-	2 500	2 500	5 000
Kobwa	-	96 828	96 828	63 163
Lepelle Water	-	-	-	46 000
Water trading account	1 008 480	-	1 008 480	1 027 432
Industrial plantation trading account	282 688	-	282 688	218 091

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
<b>Irrigation Boards</b>				
Koekedow (Ceres)	-	-	-	7 139
Great Fish River (Tarka River)	-	880	880	2 373
Kalahari East Water Board	-	2 400	2 400	10 756
Lotow	-	-	-	1 200
Komati River (Nkomazi)	-	11 593	11 593	-
Impala	-	5 555	5 555	-
Emerging farmers (Blyderiver)	-	1 040	1 040	-
Various Irrigation boards (Flood damage)	-	13 176	13 176	-
 Water Boards	-	-	-	11 158
Bushbuckridge Board	2 064	-	2 064	1 400
Ikangala Water Board	1 420	-	1 420	2 500
Local Governments				
Various (subsidy capital works)	-	11 127	11 127	2 901
	<b>1 294 652</b>	<b>320 519</b>	<b>1 615 171</b>	<b>1 399 113</b>

	Note	2001/02 R'000	2000/01 R'000
<b>9. MISCELLANEOUS</b>			
Stabilisation Fund		-	2 655
Remissions refunds and payments made as an act of grace	9.1	123	56
Bank costs		532	-
Other		58	668
		<b>713</b>	<b>3 379</b>

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
<b>9.1 Remissions refunds and payments made as an act of grace</b>				
Nature of remissions refunds and payments				
Loss of personnel belongings	-	-	-	23
Claims in respect of collisions	-	-	-	33
Compensation payments	-	103	103	-
Ex gratia payments	20	-	20	-
	<b>20</b>	<b>103</b>	<b>123</b>	<b>56</b>

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
<b>9.2 Gifts donations and sponsorships made in kind excluding RDP funds by the department (Total not included above)</b>				
Nature of gifts: Various	8	-	8	4
	<b>8</b>	<b>-</b>	<b>8</b>	<b>4</b>

	Notes	2001/02 R'000	2000/01 R'000
<b>10. SPECIAL FUNCTIONS: AUTHORISED LOSSES</b>			
Material losses through criminal conduct	10.1	302	-
Other material losses written off	10.2	108	166
Debts written off	10.4	5 759	429
		<b>6 169</b>	<b>595</b>

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
10.1 Material losses through criminal conduct				
<b>Nature of losses</b>				
Warrant vouchers fraudulently cashed	302	-	302	-
	<b>302</b>	<b>-</b>	<b>302</b>	<b>-</b>

10.2 Other material losses written off in income statement in current period				
<b>Nature of losses</b>				
Vehicle accidents	108	-	108	166
	<b>108</b>	<b>-</b>	<b>108</b>	<b>166</b>

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
10.3 Other material losses of items expensed in previous periods (Total not included above)				
<b>Nature of losses</b>				
Stolen laptops	-	21	21	-
Stolen cell phones	-	4	4	18
Stolen radios	-	3	3	3
Stolen vehicles	-	149	149	147
Stolen camera	-	1	1	2
Loss of tools	-	96	96	146
Theft of stove	-	2	2	-
Stolen computers	-	-	-	96
Stolen office equipment	-	-	-	42
Stolen fridge	-	-	-	1
	<b>-</b>	<b>276</b>	<b>276</b>	<b>455</b>

## 10.4 Debts written off

## Nature of debts written off

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Salary overpayments	5 515	45	5 560	388
Tax debt	67	1	68	10
Study debt	89	-	89	12
State guarantees	23	-	23	9
Other	1	-	1	10
Housing subsidy	2	-	2	-
Subsidised vehicles	8	-	8	-
Subsistence and transport	6	2	8	-
	<b>5 711</b>	<b>48</b>	<b>5 759</b>	<b>429</b>

## 11. LOCAL AND FOREIGN AID ASSISTANCE (INCLUDING RDP)

## 11.1 Expenditure per organisation

	2001/02 R'000	2000/01 R'000
<b>Foreign aid:</b>		
Denmark	1 317	1 347
European Union	221 313	77 443
Finland	6 025	2 937
Netherlands	14 254	5 860
Norway	4 750	2 432
Republic of China	3 521	-
United Kingdom	2 100	853
United States Treasury	-	122

## Local aid:

Plettenberg Municipality	-	500
Knysna Municipality	-	200
Old Mutual	-	15
	<b>253 280</b>	<b>91 709</b>

## 11.2 Expenditure by standard item

	2001/02 R'000	2000/01 R'000
Personnel expenditure	952	929
Administrative expenditure	698	707
Inventories	865	325
Equipment	22	143
Professional and special services	250 743	89 605
	<b>253 280</b>	<b>91 709</b>

## 12. UNAUTHORISED EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

	Notes	2001/02 R'000	2000/01 R'000
Unauthorised expenditure	12.2	12 345	-
Unauthorised expenditure in respect of previous years not yet approved	12.3	2 544	2 544
		<b>14 889</b>	<b>2 544</b>

### 12.1 Reconciliation of movement in account balance

	2001/02 R'000
Opening balance	2 544
Transfer from income statement	12 345
<b>Closing balance</b>	<b>14 889</b>

### 12.2 Unauthorised expenditure

Incident	Disciplinary steps taken proceedings	2001/02 R'000	2000/01 R'000
Overspending of Programme 8	Letter to Program Manager to supply reasons for unauthorised expenditure	12 345	-
		<b>12 345</b>	<b>-</b>

### 12.3 Unauthorised expenditure in respect of previous years not yet approved

Year disallowed	Incident	2001/02 R'000	2000/01 R'000
1996/97	Tender procedures not followed	618	618
1997/98	Tender procedures not followed	1 838	1 838
1998/99	Tender procedures not followed	82	82
1999/00	Tender procedures not followed	6	6
		<b>2 544</b>	<b>2 544</b>

## 13. CASH AND CASH EQUIVALENTS

	2001/02 R'000	2000/01 R'000
Cash in transit	1 060	20 631
Cash on hand	82	77
Short-term investments	2 341	2 148
	<b>3 483</b>	<b>22 856</b>

## 14. RECEIVABLES - CURRENT

	Notes	2001/02 R'000	2000/01 R'000
Staff debtors	14.3	13 050	12 054
Other debtors	14.4	36 916	43 225
		<b>49 966</b>	<b>55 279</b>

14.1 Amounts of R5 047 000 (2000/01:R10 881 000) included above may not be recoverable, but has not been written off in the income statement.



## 14.2 Age analysis - receivables current

	2001/02	2000/01
	R'000	R'000
Less than one year	25 501	21 629
One to two years	5 068	21 293
More than two years	19 397	12 357
	<b>49 966</b>	<b>55 279</b>

## 14.3 Staff debtors

	2001/02	2000/01
	R'000	R'000
Salary overpayments	5 103	6 579
Tax debt	131	133
Study debt	938	1 052
Subsidised vehicles	260	227
State guarantees	658	469
Other employee disallowance's	1 447	975
Subsistence and transport	2 760	2 619
GG Accidents	44	-
Subsidy overpayments	309	-
Misconduct	1 399	-
Telephone debt	1	-
	<b>13 050</b>	<b>12 054</b>

## 14.4 Other debtors

	2001/02	2000/01
	R'000	R'000
Supplier disallowance	12 280	680
Dishonoured cheques	1 956	4 052
Persal control accounts	6 628	4 005
Other disallowance: Cr. Objective	9 746	16 715
Debits recoverable: Dept. claims	1 665	1 865
Debits recoverable: Other	-	1 346
Warrant vouchers not punched	2 934	4 593
Miscellaneous receipts	-	9 188
Vehicle accidents	724	781
Periodic payment control account	42	-
Equipment: Paid and not received	941	-
	<b>36 916</b>	<b>43 225</b>

# 15. PREPAYMENTS AND ADVANCES

Nature of prepayments/advances	2001/02 R'000	2000/01 R'000
Water Trading Account: Mooi-Umgeni	15 217	-
VAT: Year-end transfers	62 677	24 279
Advances: Other departments	4 089	3 050
Advances: Implementing agents	133	1 203
Advances: Other institutions	3 107	1 518
Ash river: TCTA	-	20 083
	<b>85 223</b>	<b>50 133</b>

# 16. LOCAL AND FOREIGN AID ASSISTANCE (INCLUDING RDP FUNDS)

	2001/02 R'000	2000/01 R'000
RDP Projects	40 076	82 917
	<b>40 076</b>	<b>82 917</b>

# 17. LOANS

Granted to	Purpose	2001/02 R'000	2000/01 R'000
<b>Waterboards</b>			
Albaniekus 2	Building of a stock drinking scheme	325	331
Bloemarea	Purchase of the Caledon/Bloemfontein (Welbedacht Dam) Government Water Scheme	79 648	91 563
Kalahari-Oos	Interest free government loan to create additional capacity in pipeline	3 554	3 553
Kalahari-West	Loan to construct a stock drinking scheme	12 836	12 836
Magalies	Purchase of the Wallmanstal and Temba purification works	6 050	6 550
Namakwa Water	Purchase of the Springbok Regional Water Supply scheme	10 077	10 372
Noord-Oos Zululand	Loan settled	-	-
Noord-Tvl: Pietersburg	Purchase of the Pietersburg Regional Water Supply Scheme	23 227	23 227
Noord-Tvl: Duiwelskloof	Purchase of the Duiwelskloof Scheme	917	831
OVS-Goudvelde 1	Purchase of the Balkfontein and Sand River Government Water Schemes	7 459	7 998
OVS-Goudvelde 2	Purchase of the Balkfontein and Sand River Government Water Schemes	7 859	8 270
Pinetown	Purchase of the Hammarisdale Water Distribution Scheme	831	872
Suid-Wes Kaapse	Purchase of the Duiwenhoks, Rüensveld East and Rüensveld West Schemes	35 013	36 197
Thukela GDR	Purchase of a portion of the Ngagane Regional Water Supply Scheme	26 149	22 774
Umgeni 1	Purchase of Mooi Umgeni Pipeline Scheme	2 579	3 123
Umgeni 2	Purchase of Hammarisdale Sewage Scheme	6 552	6 552
Weskus SDR	Purchase of Berg River (Saldanha) and Berg River (Swartland) Government Water schemes	6 438	6 704
Witriiviervallei	Purchase of Primkop Dam and Longmere Dam	844	873
Kalahari East	Guaranteed payments	13 156	10 756

	Purpose	2001/02 R'000	2000/01 R'000
<b>Irrigations boards</b>			
Haarlem	Dam and pipeline	8 228	8 397
Hexvallei	Purchase of the Sanddrift Government Water Scheme	6 494	6 793
Injambili	Pompstation and pipeline	351	332
Upington	Loan settled	-	8
Witwatershoof	Purchase of Da Gama Dam	2 338	2 154
Great Fish River	Guaranteed payments	3 253	2 373
<b>Municipalities</b>			
Heilbron	Purchase of the Heilbron pipeline	75	78
Oudtshoorn	Loan in respect of Muncipal Dam	137	168
St. Helenabaai	Purchase of the Stompneusreservoir	265	274
		<b>264 655</b>	<b>273 959</b>
Less repayable within 12 months included			
current assets			
		24 258	28 699
		<b>240 397</b>	<b>245 260</b>

**18. OTHER FINANCIAL ASSETS**

Description	2001/02 R'000	2000/01 R'000
Equipment account: Stock on hand	125 692	126 218
	<b>125 692</b>	<b>126 218</b>

**19. VOTED FUNDS TO BE SURRENDERED**

Voted funds to be surrendered	Note	2001/02 R'000	2000/01 R'000
Opening balance		136 135	138 957
Transfer from income statement		47 731	136 135
Paid during the year	26	(136 135)	(138 957)
<b>Closing balance</b>		<b>47 731</b>	<b>136 135</b>

**20. REVENUE FUNDS TO BE SURRENDERED**

Funds to be surrendered	Note	2001/02 R'000	2000/01 R'000
Opening balance		29 219	31 814
Transfer from income statement for revenue to be surrendered		58 710	68 173
Paid during the year	26	(63 906)	(70 768)
<b>Closing balance</b>		<b>24 023</b>	<b>29 219</b>

**21. BANK OVERDRAFT**

	2001/02 R'000	2000/01 R'000
Paymaster General Account (Exchequer account)	75 777	16 639

21 PAYMASTER GENERAL ACCOUNT/EXCHEQUER ACCOUNT

	2001/02	2000/01
	R'000	R'000
Balance as per National Accounting Office	(130 782)	(143 678)
Add: Outstanding deposits	(33 773)	(46 913)
Sub total	(164 555)	(190 591)
Deduct:	240 332	207 230
Orders payable	54 842	9 822
PMG adjustment account	854	( 432)
Electronic funds payable	184 636	197 840
Balance above	75 777	16 639

22. PAYABLES - CURRENT

	Notes	2001/02	2000/01
		R'000	R'000
Description			
Advances received	22.1	14 463	17 347
Other payables	22.2	152 095	135 493
		166 558	152 840

22.1 Advances received

	2001/02	2000/01
	R'000	R'000
TCTA Advance	195	17 181
Mooi Umgeni	14 080	-
Advance paid water	188	166
	14 463	17 347

22.2 Other payables

	2001/02	2000/01
	R'000	R'000
Tender deposits	172	15
Sundry deposits	315	741
Credit suspense: Miscellaneous receipts	320	-
Credit suspense: Working for water	50	-
Credit suspense: Singisi lease	6 925	-
Credit suspense: Siyaqhubeka lease	6 274	-
Scheme salaries	826	288
Persal deduction accounts	862	892
Warrant vouchers cancelled: re-issued	125	131
Revenue: Water Research Fund	3 886	4 591
Equipment: Paid & not received	-	2 502
Mess suspense	166	243
Nas. Forestry Recr.& Acc. Trust: income	-	188
Nas. Forestry Recr.& Acc. Trust:gen.acc.	2 244	1 863
Equipment: Fund Available	119 384	116 304
Equipment: Rental Account	9 911	7 735
Debit recover: other	635	-
	152 095	135 493

23. LOCAL AND FOREIGN AID ASSISTANCE (INCLUDING RDP FUNDS)  
REPAYABLE TO DONORS

	2001/02	2000/01
	R'000	R'000
Denmark	1 153	1 150
European Union	47 176	-
Finland	-	1 109
Netherlands	6 333	-
Norway	-	568
Republic of China	-	3 200
Hermanus Municipality	-	1 285
Umpumelelu Award	60	60
	<b>54 722</b>	<b>7 372</b>

Local and foreign aid assistance (including RDP funds) recoverable from donors

	2001/02	2000/01
	R'000	R'000
European Union	-	(50 458)
Finland	(6 026)	-
Netherlands	-	(5 276)
Norway	(750)	-
Republic of China	(3 005)	-
United Kingdom	(2 100)	(853)
	<b>(11 881)</b>	<b>(56 587)</b>

23.1 Reconciliation of account

	2001/02	2000/01
	R'000	R'000
Opening balance	(49 215)	(33 702)
Transferred from income statement	42 841	(49 215)
Recovered from donors during the year	49 215	33 702
<b>Closing balance</b>	<b>42 841</b>	<b>(49 215)</b>

24. NET CASH FLOW GENERATED BY OPERATING ACTIVITIES

	Notes	2001/02	2000/01
		R'000	R'000
Net surplus as per Income Statement		136 937	155 093
Adjusted for items separately disclosed		1 155 334	1 071 708
Purchase of equipment	5.1	71 845	58 938
Purchase of land and buildings	6.1	1 545	6 802
Purchase of capital items		1 084 169	1 001 222
Loans granted		3 281	13 129
Repayment of loans		(5 506)	(8 383)
Net cash flow generated by operating activities		<b>1 292 271</b>	<b>1 226 801</b>

25. CASH (UTILISED) TO (INCREASE) WORKING CAPITAL

	2001/02	2000/01
	R'000	R'000
(Increase)/decrease in receivables - current	5 314	(5 230)
(Increase) in prepayments and advances	(35 090)	(38 891)
(Increase)/decrease in other assets	526	(12 029)
Increase in payables	13 717	21 552
Increase in recoverable revenue	126	2 089
	<b>(15 407)</b>	<b>(32 509)</b>

26. VOTED FUNDS AND REVENUE FUNDS SURRENDERED

	Notes	2001/02	2000/01
		R'000	R'000
Voted funds surrendered during the year	19	(136 135)	(138 963)
Revenue funds surrendered during the year	20	(63 906)	(70 768)
		<b>(200 041)</b>	<b>(209 731)</b>

27. CONTINGENT LIABILITIES

Liable to	Nature of contingent liability	Notes	As at 31 March 2002	As at 31 March 2001
			R'000	R'000
Motor vehicle guarantees	Employees	27.1	662	974
Housing loan guarantees	Employees	27.2	11 086	10 170
Other				
Lesotho Highlands Development Authority	Contract 2484/1 Butha-Buthe		14 064	14 828
Lesotho Highlands Development Authority	DBSA-Contract 2744/1		280	360
Lesotho Highlands Development Authority	DBSA-Contract 2744/3		-	28
Lesotho Highlands Development Authority	DBSA-Contract 3729/1		238	701
Lesotho Highlands Development Authority	Construction of LHWP entrance		6 298	7 620
Lesotho Highlands Development Authority	ABSA Bank Ltd CMA phase 4		20 443	56 809
Lesotho Highlands Development Authority	Rand Merchant Bank Limited		32 276	37 623
Lesotho Highlands Development Authority	DBSA-Contract 9589/2		-	137 283
Lesotho Highlands Development Authority	DBSA-Contract 10753		-	47 485
Trans-Caledon Tunnel Authority	Call Bills & Capital Project Bills		1 491 200	1 720 844
Trans-Caledon Tunnel Authority	Holders of Lesotho Highlands Water Project		11 650 840	8 920 000
Komati Basin Water Authority	DBSA: Driekoppies Dam		475 545	488 384
Komati Basin Water Authority	Hambros Bond issue - Maguga Dam		380 000	380 000
Komati Basin Water Authority	Gensec Bank - Maguga Main Dam		165 000	90 000
Komati Basin Water Authority	DBSA- Maguga Dam		-	1 500
Komati Basin Water Authority	DBSA- Maguga Dam - Access roads		-	55 806
Komati Basin Water Authority	DBSA- Maguga Dam - Environmental		-	17 476
Komati Basin Water Authority	DBSA- Maguga Dam -Vehicles & Equipm.		-	3 268
Komati Basin Water Authority	DBSA- Maguga Dam - Civil works		-	38 128
Komati Basin Water Authority	DBSA- Maguga Dam - Housing		-	75 904
Komati Basin Water Authority	DBSA- Maguga Main Dam		-	163 916
Kalahari East Water Board	Domestic and live stock purposes		52 679	49 563
Umzinkulwana Irrigation Board	Construction of dam		325	329

Liable to	Nature of contingent liability	Notes	As at 31 March 2002 R'000	As at 31 March 2001 R'000
Irrigation Boards	Water works		304 687	279 495
Land Bank	Grain silo loans to co-operatives		11 386	11 224
Land Bank	Cash credit account to Northern Transvaal			
	Co-operative Limited		42 612	36 991
Land Bank	Drought Relief Scheme		-	4 089
			<b>14 659 621</b>	<b>12 650 798</b>

## 27.1 Motor vehicle guarantees

	2001/02 R'000	2000/01 R'000
Stannic	662	974

27.2 Housing loan guarantees Name of financial institution	Opening balance	Guarantees issued during the financial year	Guarantees released/ written off during the financial year	Closing balance
Various institutions	10 170	1 680	(764)	11 086
	<b>10 170</b>	<b>1 680</b>	<b>(764)</b>	<b>11 086</b>

## 28. SUBSEQUENT PAYMENTS NOT RECOGNISED IN INCOME STATEMENT

## 28.1 Listed by standard item

	2001/02 R'000
Administrative expenditure	57
Inventories	3
Transfer payments	272
Professional and special services	24 306
	<b>24 638</b>

## 28.2 Listed by programme

	2001/02 R'000
Administration	224
Water Resource Assessment	26
Integrated Water Resource Planning	127
Water Resource Development	279
Regional Implementation	21 468
Integrated Water Resource Management	1 356
Water Services	933
Forestry	225
	<b>24 638</b>

## 29. SHORT TERM EMPLOYEE BENEFITS

Major classes	2001/02 R'000
Leave entitlement	374 414
Thirteenth cheque	20 413
Performance bonus	8 537
	<b>403 364</b>

## 30. COMMITMENTS

Liable to	Current expenditure	Capital expenditure	2001/02 R'000
Approved and contracted	-	1 550 845	1 550 845
Approved but not yet contracted	-	1 017 409	1 017 409
	-	<b>2 568 254</b>	<b>2 568 254</b>

## 31. LEASES

	Equipment	Total R'000
Later than 1 year and not later than 5 years	1 398	1 398
Not later than 1 year	2 796	2 796
<b>Total lease commitments</b>	<b>4 194</b>	<b>4 194</b>

## 32. CONTROLLED ENTITIES

Refer to the management report for entities under the control of the Department.

## 33. KEY MANAGEMENT PERSONNEL

33.1	Remuneration	Number of officials	2001/02 R'000
	Minister	1	718
	Director-General	1	631
	Deputy Director-General.	3	1 312
	Chief Financial Officer	1	506
	Chief Information Officer	1	637
			<b>3 804</b>
33.2	Other remuneration and compensation provided to key management		2001/02 R'000
	Director-General		11
	Deputy Director-General.		22
	Chief Financial Officer		4
	Chief Information Officer		1
			<b>38</b>



# Appropriation Statement

for the year ended 31 march 2002

Programme	Adjustment estimate 2001/02 R'000	Virement 2001/02 R'000	Amount Voted 2001/02 R'000	Expenditure 2001/02 R'000	Savings (Excess) 2001/02 R'000	%	Amount voted 2000/01 R'000	Expenditure 2000/01 R'000
1. Administration	209 868	1 550	211 418	211 373	45	0.02	130 769	130 035
2. Water Resource Assessment	85 283	(1 100)	84 183	83 929	254	0.3	72 204	62 440
3. Integrated Water Resource Planning	60 260	(2 900)	57 360	50 235	7 125	12.42	105 238	98 664
4. Water Resource Development	360 201	3 000	363 201	359 157	4 044	1.11	326 609	325 655
5. Regional Implementation	2 235 534	(9 871)	2 225 663	2 195 585	30 078	1.35	1 964 662	1 941 934
6. Integrated Water Resource Management	86 477	(5 350)	81 127	74 639	6 488	8	85 154	77 562
7. Water Services	65 895	7 471	73 366	67 500	5 866	8	89 946	63 084
8. Forestry Special functions	414 923 -	7 200 -	422 123 -	4 34 468 6 169	(12 345) (6 169)	2.92	402 748 -	341 226 595
<b>Total</b>	<b>3 518 441</b>	<b>—</b>	<b>3 518 441</b>	<b>3 483 055</b>	<b>35 386</b>	<b>1</b>	<b>3 177 330</b>	<b>3 041 195</b>
Economic classification - actual expenditure	Adjustment estimate 2001/02 R'000	Virement 2001/02 R'000	Amount Voted 2001/02 R'000	Expenditure 2001/02 R'000	Savings (Excess) 2001/02 R'000	%	Amount voted 2000/01 R'000	Expenditure 2000/01 R'000
Current	2 029 759	-	2 029 759	2 018 862	10 897	0.54	942 053	797 111
Personnel	362 405	(5 200)	357 205	358 805	(1600)	(0.45)	350 343	321 028
Transfer payments	1 269 200	10 300	1 279 500	1 270 909	8 591	0.67	238 785	221 991
Other	398 154	(5100)	393 054	389 148	3 906	1.0	352 925	254 092
Capital	1 488 682	-	1 488 682	1 464 193	24 489	1.65	2 235 277	2 244 084
Transfer payments	183 768	183 038	366 806	306 634	60 172	16.40	1 225 473	1 177 122
Acquisition of capital assets	1 304 914	(183 038)	1 121 876	1 157 559	(35 683)	(3.18)	1 009 804	1 066 962
Personnel	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 518 441</b>	<b>—</b>	<b>3 518 441</b>	<b>3 483 055</b>	<b>35 386</b>	<b>1</b>	<b>3 177 330</b>	<b>3 041 195</b>

# Appropriation Statement

for the year ended 31 march 2002 (continued)

Standard items - actual expenditure	Adjustment estimate 2001/02 R'000	Virement 2001/02 R'000	Amount Voted 2001/02 R'000	Expenditure 2001/02 R'000	Savings (Excess) 2001/02 R'000	%	Amount Voted 2000/01 R'000	Expenditure 2000/01 R'000
Personnel	452 811	(5 200)	447 611	437 056	10 555	2.36	419 221	378 516
Administrative	120 014	2 000	122 014	136 635	(14 621)	11.98	101 410	123 805
Inventories	65 050	-	65 050	100 573	(35 523)	54.61	73 519	72 129
Equipment	55 703	3 000	58 703	71 845	(13 142)	22.38	60 844	58 938
Land and buildings	3 192	-	3 192	3 087	105	3.28	14 652	7 778
Professional and special services	1 368 448	(193 138)	1 175 310	1 111 806	63 504	5.4	1 098 091	996 942
Transfer payments	1 452 968	193 338	1 646 306	1 615 171	31 135	1.89	1 403 258	1 399 113
Miscellaneous	255	-	255	713	(458)		6 335	3 974
Special functions	-	-	-	6 169	(6 169)			
Total	3 518 441	—	3 518 441	3 483 055	35 386	1	3 177 330	3 041 195

# Notes to the Appropriation Statement

for the year ended 31 March 2002

## 1. Explanations of material variances from Amount voted (after Virement):

### 1.1 Per programme:

Programme 1: Administration  
Insignificant variance.

Programme 2: Water Resource Assessment  
Insignificant variance.

Programme 3: Integrated Water Resource Planning  
The underspending can mainly be ascribed to the slower progress on certain tasks by consultants and slow progress on flood damage repairs by contractors.

Programme 4: Water Resource Development  
The underspending is mainly due to the rescheduling of the KOBWA loans.

Programme 5: Regional Implementation  
The underspending can mainly be ascribed to the reduced amount with which the Trading account was augmented.

Programme 6: Integrated Water Resource Management  
The underspending can mainly be ascribed to the late appointing of consultants.

Programme 7: Water Services  
The underspending can mainly be ascribed to the late appointment of consultants as well as payments to consultants which could not be done before the end of the financial year.

Programme 8: Forestry  
The overspending is due to the delay in the restructuring process, transfer of staff which took place at a later date as was planned. This overspending has been disallowed and is reflecting as unauthorised expenditure in the statements.

### 1.2 Per standard item:

Personnel  
The underspending can mainly be ascribed to the late filling of vacant posts, as well as the long process of advertising, shortlisting and interviewing the candidates.

Administrative  
The overspending can mainly be ascribed to work done by the Department that was originally planned to be outsourced under professional services.

Inventories  
The overspending can mainly be ascribed to work done by the Department which was planned to be outsourced and to be done under professional services.

Equipment  
The overspending can mainly be ascribed to equipment that were replaced urgently.

Land and buildings  
The underspending can mainly be ascribed to a delay in the acquisition of land.

Professional and special services

The underspending can mainly be ascribed to late appointment of consultants and work done by the Department itself and not outsourced.

Transfer payments

The underspending can mainly be ascribed to the reduced amount with which the Trading account was augmented.

Miscellaneous

The overspending can mainly be ascribed to increased bank costs.

## 2. Reconciliation of appropriation statement to income statement:

	2001/02 R'000	2000/01 R'000
Total revenue per income statement	3 873 272	3 287 997
Less: Non voted funds	58 710	68 173
Less: Local and foreign aid assistance (including RDP funds)	296 121	42 494
Amount voted per appropriation statement	<b>3 518 441</b>	<b>3 177 330</b>
Total expenditure per income statement	3 736 335	3 132 904
Less: Local and foreign aid assistance (including RDP funds)	253 280	91 709
Actual expenditure per appropriation statement	<b>3 483 055</b>	<b>3 041 195</b>

# Summary income statement of aid assistance received

for the year ended 31 March 2002

	Note	2001/02 R'000	2000/01 R'000
Received in kind			
Total foreign aid assistance	3.4	139 570	23 284
Aid assistance received in kind		<b>139 570</b>	<b>23 284</b>
Received in cash			
Total local aid assistance (incl RDP)	3.2	60	2 060
Impumelelu Award		60	60
Plettenberg Bay Municipality		-	500
Knysna Municipality		-	200
Hermanus Municipality		-	1 285
Old Mutual		-	15
Total foreign aid assistance	3.3	296 061	40 434
Denmark		2 470	2 498
European Union		268 488	26 985
Finland		-	4 046
Netherlands		20 587	583
Norway		4 000	3 000
Republic of China		516	3 200
United Kingdom		-	-
United States Treasury		-	122
Aid assistance received in cash		<b>296 121</b>	<b>42 494</b>

	Note	2001/02 R'000	2000/01 R'000
Less:			
Donor funded expenditure	11.1	253 280	91 709
Total local aid assistance (incl RDP)		-	715
Plettenberg Bay Municipality		-	500
Knysna Municipality		-	200
Old Mutual		-	15
Total foreign aid assistance	11.1	253 280	90 994
Denmark		1 317	1 347
European Union		221 313	77 443
Finland		6 025	2 937
Netherlands		14 254	5 860
Norway		4 750	2 432
Republic of China		3 521	-
United Kingdom		2 100	853
United States Treasury		-	122
<b>Aid assistance paid in cash</b>		<b>253 280</b>	<b>91 709</b>
<b>Net surplus/(deficit)</b>		<b>42 841</b>	<b>(49 215)</b>
<b>Analysis of surplus/(deficit):</b>			
Recoverable from donors	23	(11 881)	(56 587)
Repayable to donors	23	54 722	7 372
		<b>42 841</b>	<b>(49 215)</b>

## Analysis of donor funded expenditure

Total foreign aid assistance								
	Denmark	EU	Finland	Netherland	Norway	Republic of China	United Kingdom	Total
<b>Expenditure per standard item</b>								
Personnel	-	-	278	137	-	-	537	952
Administrative	-	78	378	37	118	-	87	698
Inventories	-	-	865	-	-	-	-	865
Equipment	-	-	22	-	-	-	-	22
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	1 317	221 235	4 482	14 080	4 632	3 521	1 476	250 743
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 317</b>	<b>221 313</b>	<b>6 025</b>	<b>14 254</b>	<b>4 750</b>	<b>3 521</b>	<b>2 100</b>	<b>253 280</b>
<b>Expenditure per programme</b>								
Programme 1	-	-	-	-	-	-	-	-
Programme 2	-	-	-	-	4 750	-	-	4 750
Programme 3	-	-	-	-	-	-	-	-
Programme 4	273	-	-	-	-	-	-	273
Programme 5	-	221 313	6 025	14 254	-	-	676	242 268
Programme 6	-	-	-	-	-	-	-	-
Programme 7	1 044	-	-	-	-	-	1 424	2 468
Programme 8	-	-	-	-	-	3 521	-	3 521
<b>Total</b>	<b>1 317</b>	<b>221 313</b>	<b>6 025</b>	<b>14 254</b>	<b>4 750</b>	<b>3 521</b>	<b>2 100</b>	<b>253 280</b>

## Statement of local aid assistance received (including RDP) as at 31 March 2002

Source of funds Actual 2002 R'000	Intended use	Amount rolled over 1 April 2001	Amount received for the year ended 31 March 2002	Amount spent for the year ended 31 March 2002	Balance unspent as at 31 March 2002
Hermanus Municipality	Community Water Supply and Sanitation	1 285	-	-	1 285
Impumelelu Award	Community Water Supply and Sanitation	60	60	-	120
		<b>1 345</b>	<b>60</b>	<b>-</b>	<b>1 405</b>

Source of funds Actual 2001 R'000	Intended use	Amount rolled over 1 April 2000	Amount received for the year ended 31 March 2001	Amount spent for the year ended 31 March 2001	Balance unspent as at 31 March 2001
Knysna Municipality	Community Water Supply and Sanitation	-	200	(200)	-
Hermanus Municipality	Community Water Supply and Sanitation	-	1 285	-	1 285
Old Mutual	Community Water Supply and Sanitation	-	15	(15)	-
Plettenberg Bay Municipality	Community Water Supply and Sanitation	-	500	(500)	-
Impumelelu Award	Community Water Supply and Sanitation	-	60	-	60
		<b>-</b>	<b>2 060</b>	<b>(715)</b>	<b>1 345</b>

### Performance information on use of assistance:

1. Hermanus Municipality  
The amount was donated towards Wateruse and Conservation. Working for Water (Western Cape) did not spend the money in the financial year ending on 31 March 2002 but the money will be spend in the 2002/03 financial year.
2. Impumelelu  
The Northern Cape Household Sanitation Programme of the Department won the Impumelelo Award as an acknowledgement of the vital contribution the project has made to our public life and integration between other role-players with regard to sanitation in the Northern Cape. The Award money was made available for promoting the best practices of the programme. The Household Sanitation Programme aimed at addressing poverty by implementing affordable sanitation services that can be maintained by the household. In fact most of the Local Authorities experienced sustainability problems in this regard. The Household Sanitation Programme consists of a policy unit, which incorporate different teams. One of the task teams is specifically designated to do water and sanitation related advocacy. This advocacy task team, consists of representatives from the Department of Housing and Local Government. They, together with the Household Sanitation Programme project manager, set objectives for the Impumelelo Sharing of Best Practices Project. It was envisaged that these objectives could be reached through 2 strategies. The Northern Cape region will follow the necessary procedures of appointing a consultant to implement the strategies and will therefore spend the money within the 2002/03 financial year.

# Statement of foreign aid assistance received

as at 31 March 2002

Source of funds Actual 2002 R'000	Intended use	Amount rolled over 1 April 2001	Amount received for the year ended 31 March 2002	Amount spent for the year ended 31 March 2002	Balance unspent/ (overspent) as at 31 March 2002
Denmark	Community Water Supply and Sanitation	1 150	2 470	(1 317)	2 303
European Union	Water Services (Masibambane Prog)	(81 245)	268 488	(221 313)	(34 070)
Finland	Working for Water	(1 773)	-	(6 025)	(7 798)
Netherlands	Community Water Supply and Sanitation	(5 276)	20 587	(14 254)	1 057
Norway	Sustainable development of groundwater resources	568	4 000	(4 750)	(182)
Republic of China	Community Forestry	3 200	516	(3 521)	195
United Kingdom	Water Services	(886)	-	(2 100)	(2 986)
		<b>(84 262)</b>	<b>296 061</b>	<b>(253 280)</b>	<b>(41 481)</b>

Source of funds Actual 2001 R'000	Intended use	Amount rolled over 1 April 2000	Amount received for the year ended 31 March 2001	Amount spent for the year ended 31 March 2001	Balance unspent as at 31 March 2001
Denmark	Community Water Supply and Sanitation	-	2 498	(1 348)	1 150
European Union	Water Services (Masibambane Prog)	(30 787)	26 985	(77 443)	(81 245)
Finland	Working for Water	(2 882)	4 046	(2 937)	(1 773)
Netherlands	Community Water Supply and Sanitation	-	583	(5 859)	(5 276)
Norway	Sustainable development of groundwater resources	-	3 000	(2 432)	568
Republic of China	Community Forestry	-	3 200	-	3 200
United Kingdom	Water Services	(33)	-	(853)	(886)
US Treasury	Community Water Supply and Sanitation	-	122	(122)	-
		<b>(33 702)</b>	<b>40 434</b>	<b>(90 994)</b>	<b>(84 262)</b>

Value received in kind Source of foreign aid	Intended use	2001/02 R'000	2000/01 R'000
DFID - UK (Department for International Development United Kingdom)	(a) Restructuring of the forests of the former administrations	-	5 284
	(b) Programme management water sector support unit	-	5 000
	(c) Institutional transformation	-	4 000
	(d) Human resources activities	-	1 500
	(e) Capacity-building and institutional development	-	2 000
	(f) Sanitation - staff support policy development and pilot projects	-	3 000
	(g) Strategic environmental assessment project	-	1 500
	(h) Miscellaneous	-	1 000
China	Water Services pipes	105 000	-
Norway	NORAD assisted programme on the sustainable development of groundwater resources under the Community Water and Sanitation Programme in South Africa	19 000	-
Denmark (Danced)	Capacity building in Indigenous forest management	15 570	-
		<b>139 570</b>	<b>23 284</b>

**Performance information on use of assistance:**

Generally Donor programme can be labelled as "Effective" within the DWAF although problems that are experienced from time to time can solely be based on the interest and commitment of Line Functions / Project Managers in their respective projects. In cases of total dedication, the results have been gratifying and have improved the lives of our people immensely. Also due to time frames imposed on the Agreements with Donors, Managers are usually compelled to submit progress reports. In some instances however, lack of co-operation from the actual donors can deter the effectiveness of the programme. It is therefore correct to say that a small percentage of the programme can be described as "Uneffective" due to the reason mentioned above.

## Statement of foreign aid assistance received

as at 31 March 2002 (continued)

**Pending applications for assistance**

Source of assistance	Intended use	2001/02 R'000	2000/01 R'000
Denmark (Danced)	Establishment of a water conservation and water demand management project development facility	10 000	10 000
USAID	Technical assistance with capacity building for the sustainable implementation of water conservation and demand management in South Africa	740	-
Japan	Rural water supply - Eastern Cape	-	91 229
Ireland Aid	Water and sanitation (over two years)	-	46 000
European Union	Water services (Masibambane programme) (over three years)	-	500 000
French Government	Expansion of National Community Water Supply and Sanitation training institute (over three years)	-	5 000
Denmark (Danced)	Support for capacity development in participatory forest management (over three years)	-	15 570
		<b>10 740</b>	<b>667 799</b>





# Report of the Auditor-General to parliament on the financial statements of the Water Trading Account

for the year ended 31 March 2002

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 141 to 142 for the year ended 31 March 2002 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 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. This was also reported in paragraph 2.2.1 of the previous year's audit 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, authorised losses and short-term employee benefits).

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

### 3.3 Supporting evidence not submitted during the audit

Supporting documentation including evidence of procurement procedures followed and approval obtained, could not be submitted during the audit in respect of payments amounting to R12 5 million. The department's financial records did not permit the application of adequate alternative audit procedures. Therefore

the accuracy and completeness of the expenditure could not be confirmed.

#### 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 2002 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 Matters not affecting the financial statements

##### 5.1.1 Revenue and Debtor's Management System


With reference to paragraph 2.2.2 of the previous report, the Water Authorisation and Registration Management System (WARMS) which is intended to control bulk water consumers has been developed but was only implemented to control billing with effect from April 2002. The department thus 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.

##### 5.1.2 Recoverability of debts – Limpopo region

In the department's Limpopo region, revenue from the eleven municipalities in the Northern district had 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, 3 million. The department indicated that municipalities had not agreed to enter into contracts to facilitate the recovery of these outstanding amounts. Therefore the recoverability of these debts are uncertain.

#### 6. APPRECIATION

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



S AFakie

AUDITOR-GENERAL

Pretoria

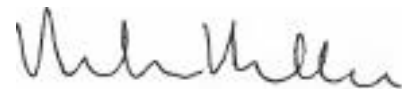
23/08/2002

# Income statement

for the year ended 31 March 2002

	2001/02 R'000	2000/01 R'000
<b>Income</b>	1 745 564	1 624 527
Sale of water:		
Irrigation	79 519	78 065
Household and Industrial	1 642 314	1 506 694
Other	23 731	39 768
<b>Less: Expenditure</b>	2 754 044	2 651 958
Integrated catchment management	444 782	334 720
Integrated systems	1 283 551	1 192 106
Bulk water supply	280 041	299 010
Water services	745 670	826 122
<b>Loss</b>	<b>(1 008 480)</b>	<b>(1 027 431)</b>

Department of Water Affairs  
and Forestry,  
Pretoria.  
16/08/2002



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

# Cash flow statement

for the year ended 31 March 2002

Note	2001/02 R'000	2000/01 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received	1 745 564	1 624 527
Cash paid to suppliers	(2 640 678)	(2 627 829)
<b>Net cash outflow from operating activities</b>	<b>1 (895 114)</b>	<b>(1 003 302)</b>
Purchase of capital items	(113 366)	(24 129)
<b>Net cash outflow from investing activities</b>	<b>(113 366)</b>	<b>(24 129)</b>
Capital Augmentation	1 008 480	1 027 431
<b>Net cash inflow from financing activities</b>	<b>1 008 480</b>	<b>1 027 431</b>
Net increase/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>-</b>	<b>-</b>

# Notes to the cash flow statement

for the year ended 31 March 2002

	2001/02 R'000	2000/01 R'000
1 Cash generated by operations		
Net loss as per Income statement	(1 008 480)	(1 027 431)
Deduct from net loss:		
Purchase of capital items	113 366	24 129
<b>Cash generated by operations</b>	<b>(895 114)</b>	<b>(1 003 302)</b>

## Notes to the Financial Statements

1. Accounting policy  
The financial statements have been compiled on the historical cost basis in accordance with the following accounting policy which is consistent with that of previous years, unless stated otherwise.
- 1.1 Acknowledgement of income  
Income and expenditure are acknowledged on the cash basis.
- 1.2 Surplus or loss  
At the end of the financial year any surplus is paid into the departmental revenue account for payment to the Revenue Fund.  
  
Any loss is normally made good from the vote.

## Statement of changes in equity

for the year ended 31 March 2002

	Capital augmentation R'000	Accumulated loss R'000	Total R'000
Balance 1 April 2001	-	-	-
Net loss for the year	-	(1 008 480)	(1 008 480)
Capital augmentation	1 008 480	-	1 008 480
<b>Balance at 31 March 2002</b>	<b>1 008 480</b>	<b>(1 008 480)</b>	<b>-</b>



# Report of the Auditor-General to parliament on the financial statements of the Industrial Plantations Trading account

for the year ended 31 March 2002

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 145 to 146 for the year ended 31 March 2002, 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 Industrial Plantations 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. This was also reported in paragraph 2.2.1 of the previous year's audit report. Furthermore the Industrial Plantations Trading Account has been disposed of and consequently this trading entity is no longer a going concern.

### 3.2 Separate records for the vote and Industrial Plantations Trading Account

Full and proper records of the financial affairs of the Industrial Plantations 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, authorised losses and short-term employee benefits).

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

The accounting officer indicated that since the Industrial Plantations Trading Account was closed with effect from 1 April 2002 it was not cost-effective to institute separate record keeping.

### 3.3 Supporting evidence not submitted during the audit

Supporting documentation, including evidence of procurement procedures followed and approval obtained, could not be submitted during the audit in respect of payments amounting to R4,7 million. The department's financial records did not permit the application of adequate alternative audit procedures. Therefore the accuracy and completeness of the expenditure could not be confirmed.

## 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 Industrial Plantations Trading Account at 31 March 2002 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 Matters not affecting the financial statements

#### 5.1.1 Disposal of government forests

With reference to paragraph 3.2 of the previous report, the Department of Public Enterprises has been instrumental in finalising the transfer of the category-A commercial forestry operations to new entities. The sale proceeds receivable have been distributed to the Department of Public Enterprises.

## 6. APPRECIATION

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



S AFakie

AUDITOR-GENERAL

Pretoria


23/08/2002

# Income statement

for the year ended 31 March 2002

	2001/02 R'000	2000/01 R'000
<b>Income</b>	52 186	83 152
Sale of wood		
Sawlogs	40 676	65 924
Pulpwood	6 064	7 624
Poles	3 609	3 728
Other	1 837	5 876
<b>Less: Expenditure</b>	334 873	301 243
Management	62 649	62 165
Capital works	485	14
Production	40 473	30 110
Processing	11 240	2 554
Environment	1 745	824
Administration	218 281	205 576
<b>Loss</b>	<b>(282 687)</b>	<b>(218 091)</b>

Department of Water Affairs  
and Forestry,  
Pretoria.  
16/08/2002

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

# Cash flow statement

for the year ended 31 March 2002

	Note	2001/02 R'000	2000/01 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received		52 186	83 152
Cash paid to suppliers		(329 690)	(291 591)
<b>Net cash outflow from operating activities</b>	<b>1</b>	<b>(277 504)</b>	<b>(208 439)</b>
Purchase of capital items		(5 183)	(9 652)
<b>Net cash outflow from investing activities</b>		<b>(5 183)</b>	<b>(9 652)</b>
Capital augmentation		282 687	218 091
<b>Net cash inflow from financing activities</b>		<b>282 687</b>	<b>218 091</b>
Net increase/decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>

# Notes to the cash flow statement

for the year ended 31 March 2002

	2001/02 R'000	2000/01 R'000
1 Cash generated by operations		
Net loss as per Income statement	(282 687)	(218 091)
Deduct from net loss:		
Purchase of capital items	5 183	9 652
<b>Cash generated by operations</b>	<b>(277 504)</b>	<b>(208 439)</b>

# Notes to the financial statements

## 1. Accounting policy

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

### 1.1 Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

### 1.2 Surplus or loss

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

Any loss is normally made good from the vote.

# Statement of changes in equity

for the year ended 31 March 2002

	Capital augmentation R'000	Accumulated loss R'000	Total R'000
Balance 1 April 2001	-	-	-
Net loss for the year	-	(282 687)	(282 687)
Capital augmentation	282 687	-	282 687
<b>Balance at 31 March 2002</b>	<b>282 687</b>	<b>(282 687)</b>	<b>-</b>





# Report of the Auditor-General to parliament on the financial statements of the Equipment account

for the year ended 31 March 2002

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 149 to 153, for the year ended 31 March 2002, 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 in paragraph 2.2.1 of the previous year's audit report.

### 3.2 Separate records for the vote and Equipment 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, prepayments and advances, payables and authorised losses).

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

## 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 Account at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

## 5. EMPHASIS OF MATTER

### 5.1 Matters not affecting the financial statements

#### 5.1.1 Information systems audit

An information systems audit was completed on the general controls surrounding the Construction Equipment Management System (system) during July 2002 and recommendations were brought to the attention of the accounting officer. At the time of compiling this report the comments of the accounting officer were not yet due.

The key findings arising from the audit indicated that although some controls were in place in the general control environment surrounding the system, significant control weaknesses existed in the general control environment at the State Information Technology Agency as well as at the department. For example, the system lacked a formally documented disaster recovery plan. Adequate procedures were not implemented to ensure the monitoring of the availability of the system. Security violations were not monitored on the mainframe operating system by means of activity and access violation logs. Accountability for actions taken on the system could not be determined since both the users and the administrators did not have unique user identifications on the mainframe operating system and the database administrator as well as the programmers had access to the live environment.

## 6. APPRECIATION

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



S AFakie

AUDITOR-GENERAL

Pretoria

23/08/2002

# Balance sheet

as at 31 March 2002

	Note	2001/2002 R'000	2000/2001 R'000
<b>Assets</b>			
Plant and equipment	2	125 692	126 218
Current assets		3 603	323
Investment amounts immediately claimable		100	100
Cash with Paymaster-General	5	2 562	223
Debtors		941	-
<b>Total assets</b>		<b>129 295</b>	<b>126 541</b>
<b>Equity and liabilities</b>			
Capital fund		129 295	124 039
Current liabilities			
Creditors		-	2 502
<b>Total equity and liabilities</b>		<b>129 295</b>	<b>126 541</b>

Department of Water Affairs  
and Forestry,  
Pretoria.  
16/08/2002



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

# Income statement

## for the year ended 31 March 2002

	Note	2001/2002 R'000	2000/2001 R'000
<b>Income</b>		47 106	45 205
Lease income	3	42 246	41 271
Profit from sale of plant and equipment	4	2 756	1 885
Maintenance costs collected		2 104	2 049
<b>Expenditure</b>		37 195	37 471
Depreciation of plant and equipment		28 437	28 788
Maintenance costs		8 607	8 297
Losses approved		151	386
<b>Net profit</b>		9 911	7 734
<b>Profit paid to Revenue Fund</b>		7 155	5 849
<b>Net profit for the year</b>		<b>2 756</b>	<b>1 885</b>

## Notes to the Financial Statements

### 1. Accounting policy

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

#### 1.1 Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

#### 1.2 Surplus or loss

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

Any loss is normally made good from the vote.

#### 1.3 Net profit from sales of equipment

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

#### 1.4 Plant and equipment

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

#### 1.5 Depreciation

Depreciation is written off per operational hour.

#### 1.6 Lease income

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

# Notes to the Financial Statements

	2001/2002 R'000	2000/2001 R'000
2. Plant and equipment		
<b>Equipment</b>		
Carrying value at beginning of year	124 988	109 924
Disposals	(904)	(890)
Assets stolen	(151)	(386)
Additions	29 030	45 082
Assets taken over	-	46
Depreciation	(28 437)	(28 788)
Carrying value at end of year	124 526	124 988
In use	122 726	124 496
In sales account	1 800	492
<b>Drilling diamonds</b>		
Carrying value at beginning of year	1 230	1 254
(Disposals)	(64)	(24)
Carrying value at end of year	1 166	1 230
Industrial diamonds	273	701
Synthetic diamonds	893	529
<b>Total carrying value</b>	<b>125 692</b>	<b>126 218</b>
3. Lease income		
Equipment with book value	28 437	28 788
Equipment with nil book value	13 809	12 483
	<b>42 246</b>	<b>41 271</b>
4. Profit from sale of plant and equipment		
Sale proceeds	3 660	2 775
Book value of items sold	(904)	(890)
	<b>2 756</b>	<b>1 885</b>
5. Cash with Paymaster-General		

The balance represent the expected Paymaster-General balance which relates to the Equipment Account.

The amount of R2 562 597 is included in the balance of R130 782 085 as reflected in the balance sheet of the Vote.

# Cash flow statement

for the year ended 31 March 2002

	Note	2001/2002 R'000	2000/2001 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers		44 350	43 320
Cash paid to suppliers		(15 762)	(14 842)
<b>Net cashflow available from operating activities</b>	<b>A</b>	<b>28 588</b>	<b>28 478</b>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	B	(28 966)	(45 057)
Proceeds on sale of fixed assets	C	3 660	2 775
<b>Net cash outflow from investing activities</b>		<b>(25 306)</b>	<b>(42 282)</b>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital augmentation		2 500	5 000
Increase/(Decrease) in creditors		(2 502)	2 502
(Increase) in debtors		(941)	-
<b>Net cash inflow from financing activities</b>		<b>(943)</b>	<b>7 502</b>
Net increase in cash and cash equivalent		2 339	(6 302)
Cash and cash equivalents at the beginning of year		223	6 525
<b>Cash and cash equivalents at the end of year</b>		<b>2 562</b>	<b>223</b>

# Notes to the cash flow statement

for the year ended 31 March 2002

	2001/2002 R'000	2000/2001 R'000
A. Cash generated by operations		
Net profit	2 756	1 885
Adjusted for:		
Depreciation	28 437	28 788
Profit from sale of plant and equipment	(2 756)	(1 885)
Losses approved	151	386
Increase in creditors	-	(696)
	<b>28 588</b>	<b>28 478</b>
B. Additions to plant and equipment		
Decrease/(Increase) in drilling diamonds	64	24
New equipment	(23 421)	(32 757)
Rebuild of equipment	(5 609)	(12 324)
	<b>(28 966)</b>	<b>(45 057)</b>
C. Proceeds on sale of plant and equipment		
Book value of assets sold	904	890
Profit on sale	2 756	1 885
	<b>3 660</b>	<b>2 775</b>

## Statement of changes in equity

for the year ended 31 March 2002

	Assets taken over R'000	Capital augmentation R'000	Retained earnings R'000	Total R'000
Balance 1 April 2000	-	-	117 108	117 108
Net profit for the year	-	-	1 885	1 885
Assets taken over	46	-	-	46
Capital augmentation	-	5 000	-	5 000
<b>Balance 31 March 2001</b>	<b>46</b>	<b>5 000</b>	<b>118 993</b>	<b>124 039</b>
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
<b>Balance 31 March 2002</b>	<b>-</b>	<b>2 500</b>	<b>126 795</b>	<b>129 295</b>



# Report of the Auditor-General to parliament on the financial statements of the National Forest Recreation and Access Trust

for the year ended 31 March 2002

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 156 to 158, for the year ended 31 March 2002, 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 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

## 4. EMPHASIS OF MATTER

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

### 4.1 Matters not affecting the financial statements

#### 4.1.1 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 1999-2000 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.

The National Forest Recreation and Access Trust was not operational during the financial years 2000-2001 and 2001-2002 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. The Committee on Forest Access sent a letter of advice, dated 25 March



2002, to the minister. However, the minister has not made a decision on the recommendation of the committee.

#### 4.1.2 Listing of National Forest Recreation and Access Trust as a public entity in terms of the Public Finance Management Act

Although the trust is not an entity listed in terms of the Public Finance Management Act (PFMA) 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. At the date of this report the trust had not yet sought this clarity from the National Treasury.

## 5. APPRECIATION

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



N Puren

for Auditor-General

Pretoria  
24/07/2002

# Balance sheet

as at 31 March 2002

	Note	2001/2002 R	2000/2001 R
<b>Assets</b>			
Current assets		2 243 973	2 050 834
Amounts immediately recoverable		2 241 244	2 048 105
Cash with Paymaster-General		2 729	2 729
		<b>2 243 973</b>	<b>2 050 834</b>
<b>Equity</b>			
Capital fund	2	2 243 973	2 050 834
		<b>2 243 973</b>	<b>2 050 834</b>

Department of Water Affairs  
and Forestry,  
Pretoria  
31/05/2002

  
Linda Mossop  
Accounting Officer  
National Forest Recreation  
and Access Trust

# Income statement

for the year ended 31 March 2002

	2001/2002 R	2000/2001 R
Income	193 139	187 902
Investment income	193 139	187 902
Expenditure	-	-
<b>Net income for the year</b>	<b>193 139</b>	<b>187 902</b>

# Cash flow statement

for the year ended 31 March 2002

	2001/2002 R'000	2000/2001 R'000
Cash flows from operating activities		
Cash received from customers	-	-
Interest received	193 139	187 902
<b>Cash generated by operations</b>	<b>193 139</b>	<b>187 902</b>
Cash flows from investing activities		
Increase in investment	(193 139)	(187 902)
<b>Net cash outflow from investing activities</b>	<b>(193 139)</b>	<b>(187 902)</b>
Cash flows from financing activities		
Transfer from the National Hiking Way Fund	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
Net increase in cash and cash equivalent	-	-
Cash and cash equivalent at the beginning of the year	2 729	2 729
<b>Cash and cash equivalent at the end of the year</b>	<b>2 729</b>	<b>2 729</b>

# Statement of changes in equity

for the year ended 31 March 2002

	Accumulated profit R	Total R
Balance 1 April 2000	1 862 932	1 862 932
Interest received	187 902	187 902
Balance 31 March 2001	<b>2 050 834</b>	<b>2 050 834</b>
Balance 1 April 2001	2 050 834	2 050 834
Interest received	193 139	193 139
Balance 31 March 2002	<b>2 243 973</b>	<b>2 243 973</b>

# Notes to the Financial Statements

## 1. Accounting policy

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

1.2 Income is acknowledged on an accrual basis.

## 2. Capital fund

	2001/2002 R	2000/2001 R
Balance at the beginning of the year	2 050 834	1 862 932
Transfer from the National Hiking Way fund	-	-
Net income for the year	193 139	187 902
<b>Balance at the end of the year</b>	<b>2 243 973</b>	<b>2 050 834</b>