

# Vote 34

## Water Affairs and Forestry

	2004/05 To be appropriated	2005/06	2006/07
MTEF allocations	R3 302 144 000	R3 542 412 000	R3 631 070 000
Statutory amounts	-	-	-
Responsible Minister	Minister of Water Affairs and Forestry		
Administering Department	Department of Water Affairs and Forestry		
Accounting Officer	Director-General of Water Affairs and Forestry		

### Aim

*The aim of the Department of Water Affairs and Forestry is to: ensure the availability and supply of water at national level to facilitate equitable and sustainable social and economic development; ensure the universal and efficient supply of water services at local level; and promote the sustainable management of forests.*

### Programme purpose and measurable objectives

#### Programme 1: Administration

**Purpose:** Provide financial, human resource, information and management services, and general administrative support to the department.

#### Programme 2: Water Resource Management

**Purpose:** Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people.

**Measurable objective:** Ensure that water resources are allocated so that they promote social and economic development and maintain the reliable availability of water in sufficient quantities and of an appropriate quality to meet the needs of all consumers. Meet international water-sharing agreements while ensuring that water resources are protected to enable sustainable water use.

#### Programme 3: Water Services

**Purpose:** Ensure that all people living in South Africa have access to adequate, safe, appropriate and affordable water and sanitation services, use water wisely, and practise safe sanitation.

**Measurable objective:** Ensure effective, efficient and sustainable use and supply of water and sanitation services by institutions that are accountable and responsive to the community that they serve.

#### Programme 4: Forestry

**Purpose:** Promote the conservation of plantation and indigenous forests, and their commercial and community use, to achieve optimal social and economic benefits. Promote rural development through policy development, regulation, facilitation, and monitoring and evaluation.

**Measurable objective:** Ensure the sustainable management of all forests and plantations, and enhance the contribution of forest resources to economic development and poverty eradication.

### **Strategic overview and key policy developments: 2000/01 – 2006/07**

The Department of Water Affairs and Forestry (DWAF) seeks to ensure that the country has reliable sources of water for sustainable social and economic progress. It encourages water conservation and manages demand. It also manages and expands the national water resource infrastructure where necessary.

The department is in the process of substantial restructuring, which will only be completed in eight to ten years time. The restructuring includes:

- establishing catchment management agencies to perform water resources management functions currently performed by DWAF regional offices
- transferring the management of commercial plantations and indigenous forests to appropriate agencies and institutions
- transferring water services delivery and operations to water services authorities.

The department is transferring most of its implementation functions to more appropriate levels of government, and will be focusing on developing its role in terms of policy development, regulation, oversight and monitoring. Some of the key challenges facing the department over the period 2004/05 to 2006/07 are outlined below for each of its functional areas.

#### *Water resource management*

The 1997 White Paper on National Water Policy for South Africa and the National Water Act (36 of 1998) provide a firm and progressive foundation for the management of water resources. The National Water Act replaced previous legislation with an equitable system of administrative authorisations to use water, and government became the public trustee of the nation's water resources. Since 2000, the department has focused on the implementation of this Act through developing the necessary tools, strategies and mechanisms.

Over the medium term, DWAF will maintain its role as the custodian of the nation's water resources through policy development, regulation, monitoring and institutional support. The department's main role will be to provide the national policy and regulatory framework within which other institutions will manage water resources, and to maintain general oversight of the institutions' activities and performance. The department will also continue to manage South Africa's international relationships and activities in water matters.

The department will remain focused on the phased implementation of the National Water Act, with a particular emphasis on implementing a new organisational structure, including:

- establishing catchment management agencies and water user associations
- establishing, for the first time, a National Water Resources Strategy, which will set out the procedures, guidelines and overall strategy for managing water resources
- developing and testing a strategy for compulsory water use licensing to facilitate equitable access to water resources for previously disadvantaged communities
- enhancing water use efficiency
- ensuring compliance with dam safety regulations and enhancing public safety at water resources installations
- investigating and implementing appropriate institutional arrangements for the optimal management of the interdepartmental Working for Water programme, which may result in the transfer of the programme to another department(s)

- building national capacity to monitor the state of water resources, so that accurate information is used in decisions about the use and management of water
- investigating the creation of a National Water Resources Infrastructure Agency to manage and develop national infrastructure.

#### *Water services*

The 1994 White Paper on Water and Sanitation determined that the role of the department was to fulfil a direct delivery function on behalf of government to rapidly provide basic water and sanitation services primarily to people living in rural areas. It is now possible for local government to assume full operational responsibility for water and sanitation services as provided for in the Constitution, and the role of the department must change: from direct provider to sector leader, supporter and regulator. Important new government policies have been developed and implemented since the 1994 White Paper. These are reflected in a new Water Services Strategic Framework, approved by Cabinet during 2003, which provides the overarching operational framework for the water services sector.

The Water Services Act (108 of 1997) made important policy advances, specifically in relation to the institutional framework. The free basic water and sanitation policy is a further step within broad municipal and intergovernmental policy towards the goal of universal access to basic water and sanitation. A new White Paper on Basic Household Sanitation was published in 2001, replacing the sanitation policies in the 1994 White Paper. However, it will have to be amended to align it with the new Water Services Strategic Framework.

The financial framework for water and sanitation services will continue to change significantly during the next few years. In the past, the department has been an important financier of water infrastructure as well as operational and maintenance costs. This responsibility will increasingly shift away from the department and will be assumed by the Municipal Infrastructure Grant, the local government equitable share, and the capacity-building grant. DWAF's role will then be to ensure that water and sanitation projects and the agencies that manage water and sanitation services are sustainable and can maintain and expand access to water and sanitation. The department is in the process of transferring water services schemes (and associated water services provision functions), which it currently operates, to appropriate water services institutions in consultation with local government authorities.

#### *Forestry*

The department is shifting away from the management of commercial, indigenous and community forests and focusing on developing and implementing policies, monitoring and evaluating programmes, and providing technical support. The department's main role will ultimately be as a national forestry institution, providing the national policy and regulatory framework within which other institutions will manage forest resources sustainably, with the following objectives:

- managing the lease of the state's commercial forests to private operators in a manner that promotes investment, employment, competition and black economic empowerment
- developing appropriate management systems for community plantations and devolving these to community control where possible
- establishing and maintaining a national database of all indigenous forests, together with appropriate participatory management plans
- managing indigenous forests effectively and overseeing the management of indigenous forests by other agencies (for example South African National Parks and the provincial administrations), and developing strategies to implement the provisions of the National Forests Act (84 Of 1998) and the National Veld and Forest Fire Act (101 of 1998).

## Expenditure estimates

**Table 34.1: Water Affairs and Forestry**

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07
1 Administration	189 843	211 373	229 187	285 992	285 992	252 762	268 850	285 092
2 Water Resources Management	724 008	904 470	1 073 992	1 318 580	1 318 580	1 365 755	1 487 463	1 596 518
3 Water Services	1 786 540	1 932 744	1 974 155	2 607 847	2 607 847	1 333 772	1 412 724	1 353 800
4 Forestry	341 226	434 468	403 291	426 761	426 761	349 855	373 375	395 660
<b>Total</b>	<b>3 041 617</b>	<b>3 483 055</b>	<b>3 680 625</b>	<b>4 639 180</b>	<b>4 639 180</b>	<b>3 302 144</b>	<b>3 542 412</b>	<b>3 631 070</b>
Change to 2003 Budget Estimate				552 637	552 637	(352 222)	(411 123)	
<b>Economic classification</b>								
<b>Current payments</b>	<b>729 935</b>	<b>835 635</b>	<b>1 252 804</b>	<b>1 425 277</b>	<b>1 425 277</b>	<b>1 345 106</b>	<b>1 453 466</b>	<b>1 494 397</b>
Compensation of employees	373 294	406 708	646 661	660 070	660 070	606 705	647 398	686 123
Goods and services	356 046	422 758	604 955	763 050	763 050	736 896	804 473	806 583
Interest and rent on land	–	–	512	2 157	2 157	1 505	1 595	1 691
Financial transactions in assets and liabilities	595	6 169	676	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>2 025 265</b>	<b>2 143 395</b>	<b>2 103 965</b>	<b>2 838 099</b>	<b>2 838 099</b>	<b>1 571 760</b>	<b>1 663 654</b>	<b>1 626 330</b>
Provinces and municipalities	1 516 233	1 455 470	1 700 361	2 265 004	2 265 004	1 020 979	1 075 696	995 346
Departmental agencies and accounts	509 032	687 925	403 604	573 095	573 095	550 781	587 958	630 984
Universities and technikons	–	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>286 417</b>	<b>504 025</b>	<b>323 856</b>	<b>375 804</b>	<b>375 804</b>	<b>385 278</b>	<b>425 292</b>	<b>510 343</b>
Buildings and other fixed structures	256 843	489 508	306 471	314 121	314 121	320 316	352 513	433 197
Machinery and equipment	15 719	3 930	7 620	50 967	50 967	52 270	58 973	62 511
Cultivated assets	–	–	–	–	–	–	–	–
Software and other intangible assets	13 855	10 587	9 765	9 485	9 485	11 401	12 225	12 959
Land and subsoil assets	–	–	–	1 231	1 231	1 291	1 581	1 676
<b>Total</b>	<b>3 041 617</b>	<b>3 483 055</b>	<b>3 680 625</b>	<b>4 639 180</b>	<b>4 639 180</b>	<b>3 302 144</b>	<b>3 542 412</b>	<b>3 631 070</b>

## Expenditure trends

Expenditure by the department grew rapidly between 2000/01 and 2003/04, increasing from R3,0 billion to R4,6 billion. This is an annual average increase of 15,1 per cent. The increase in 2003/04 is due to transfer costs related to: the transfer of the water services schemes to local authorities, with additional transitory costs being incurred related to the preparation, planning and implementation of the transfer; an increase in expenditure on the sanitation programme; and the writing off of water user association debt.

During 2003/04 once-off additional allocations were made for restructuring the department, flood damages, drought relief and writing off loans.

Over the next three years expenditure is expected to rise steadily after an initial decline from R4,6 billion in 2003/04 to R3,3 billion in 2004/05, reaching R3,6 billion in 2006/07, an annual average increase of 4,9 per cent from 2004/05 to 2006/07. The sharp fall in expenditure is due to

the removal of capital and operating costs for the water services schemes from the department's vote, as reflected in the reduced allocations to the *Water Services* programme. The subsequent increase in overall expenditure is driven by adjustments for inflation and allocations in the outer years for Water Resources Management. The department has been spending considerable sums on capital assets – R286,4 million in 2000/01 rising to R323,9 million in 2002/03 – an annual average increase of 6,3 per cent. This is expected to fall steadily to R510,3 million in 2006/07 due to the transfer of the water services schemes.

## Departmental receipts

Receipts from the sale of water are paid into the Water Trading Account. Other receipts are from the repayment of loans to water boards, irrigation boards and local government, interest on these loans, revenue from the sale of wood and wood products, and miscellaneous income. The increase during 2002/03 can mainly be ascribed to the closure of the Industrial Plantation Trading Account, which was transferred to the National Revenue Fund. The projected growth in receipts over the medium term takes adjustments for inflation into account.

**Table 34.2: Departmental receipts**

R thousand	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate			
	Audited	Audited	Preliminary		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	outcome 2002/03					
Tax receipts	–	–	–	–	–	–	–	
Sales of goods and services produced by department (excl capital assets)	10 401	13 819	19 503	20 128	20 785	21 201	21 750	
Sales of scrap, waste, arms and other used current goods (excl capital assets)	–	–	–	–	–	–	–	
Transfers received	–	–	–	–	–	–	–	
Fines, penalties and forfeits	–	–	–	–	–	–	–	
Interest, dividends and rent on land	19 268	26 715	24 376	24 726	25 658	26 171	26 564	
Sales of capital assets	–	–	–	–	–	–	–	
Financial transactions in assets and liabilities	41 099	23 361	33 999	35 699	37 484	38 234	39 005	
<b>Total departmental receipts</b>	<b>70 768</b>	<b>63 895</b>	<b>77 878</b>	<b>80 553</b>	<b>83 927</b>	<b>85 606</b>	<b>87 319</b>	

## Programme 1: Administration

*Administration* provides for the management of the department, including: policy formulation by the Minister and senior management; centralised administrative, legal and office support services; departmental personnel management and financial administration; IT; determining working methods and procedures; and exercising control through head office and regional offices.

## Expenditure estimates

**Table 34.3: Administration**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	outcome 2002/03					
R thousand								
Minister <sup>1</sup>	666	717	809	746	791	831	872	
Management	9 587	9 426	14 248	10 507	14 560	15 020	15 921	
Corporate Services	120 377	140 488	155 693	207 777	172 346	183 516	194 647	
Information Services	59 213	60 742	58 437	66 962	65 065	69 483	73 652	
<b>Total</b>	<b>189 843</b>	<b>211 373</b>	<b>229 187</b>	<b>285 992</b>	<b>252 762</b>	<b>268 850</b>	<b>285 092</b>	
Change to 2003 Budget Estimate				48 921	1 633	1 640		

<sup>1</sup> Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Economic classification</b>							
<b>Current payments</b>	<b>175 668</b>	<b>200 462</b>	<b>219 048</b>	<b>276 096</b>	<b>238 436</b>	<b>253 382</b>	<b>268 696</b>
Compensation of employees	75 365	93 334	101 783	146 140	106 200	112 400	119 144
Goods and services	99 708	100 959	116 589	129 956	132 236	140 982	149 552
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	595	6 169	676	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>320</b>	<b>324</b>	<b>374</b>	<b>411</b>	<b>425</b>	<b>453</b>	<b>480</b>
Provinces and municipalities	320	324	374	411	425	453	480
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>13 855</b>	<b>10 587</b>	<b>9 765</b>	<b>9 485</b>	<b>13 901</b>	<b>15 015</b>	<b>15 916</b>
Buildings and other fixed structures	–	–	–	–	2 500	2 790	2 957
Machinery and equipment	–	–	–	–	–	–	–
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	13 855	10 587	9 765	9 485	11 401	12 225	12 959
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>189 843</b>	<b>211 373</b>	<b>229 187</b>	<b>285 992</b>	<b>252 762</b>	<b>268 850</b>	<b>285 092</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>320</b>	<b>324</b>	<b>374</b>	<b>411</b>	<b>425</b>	<b>453</b>	<b>480</b>
Regional Services Council levies	320	324	374	411	425	453	480
<b>Total</b>	<b>320</b>	<b>324</b>	<b>374</b>	<b>411</b>	<b>425</b>	<b>453</b>	<b>480</b>

**Expenditure trends**

Expenditure on *Administration* increases from R189,8 million in 2000/01 to R285,1 million in 2006/07, an annual average increase of 7,0 per cent. This increase is due, in part, to the need to pay for the management of the transfer of water service operations to local authorities and to restructuring costs that the department will bear in shifting its focus from operations to policy development. Expenditure is forecast to fall to R252,8 million in 2004/05 before rising steadily to R285,1 million in 2006/07.

**Programme 2: Water Resource Management**

*Water Resource Management* ensures that national water resources are used and managed in a sustainable and equitable manner for the benefit of all people. The programme is organised into 14 subprogrammes. The first six relate to the development of policies and strategies at the

department's head office, and the remaining eight relate to implementation activities in the nine regional offices.

- Equitable Supply covers the policy, planning and regulatory functions required to ensure the reliable and equitable supply of water for sustainable economic and social development, including the eradication of poverty.
- Protection Policies ensures the protection of water resources.
- Institutional Regulations provides support for developing and establishing effective water management institutions.
- Strategic Alignment ensures that policies and strategies are internally consistent and aligned with relevant external policies and legislation, develops and maintains monitoring and information systems, and promotes capacity-building among water resource management practitioners and stakeholders.
- African Co-operation promotes integrated water resource management in Africa in support of the NEPAD.
- Water Resource Administration ensures efficient general administration of the *Water Resource Management* programme.
- Sustainable Supply supports the provision of a reliable and equitable supply of water at regional level, for sustainable economic and social development, including the eradication of poverty.
- Protection Measures initiates and supports the protection of water resources at the regional level.
- Institutional Development ensures that there are effective water management institutions at the regional level.
- Stakeholder Empowerment develops empowered, skilled and representative staff and capacitates stakeholders and the general public at the regional level to achieve integrated water resource management.
- African Support is a donor-funded programme that implements integrated water resource management in Africa and at the regional level, in support of NEPAD.
- Water Resource Support provides regional support services (management, human resources, finance, and general administration) for *Water Resource Management*.
- Operations of Water Resources provides for the augmentation of the Water Trading Account.
- Capital Equipment provides for the augmentation of the Equipment Trading Account.

## Expenditure estimates

Table 34.4: Water Resource Management

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Equitable Supply	102 316	107 134	125 411	233 143	141 309	157 108	168 164
Protection Policies	19 624	27 236	30 945	33 503	34 002	37 803	40 463
Institutional Regulations	7 316	8 650	9 658	8 660	7 940	8 828	9 449
Strategic Alignment	63 419	72 210	85 182	96 888	127 273	141 503	151 461
African Co-operation	4 100	4 200	5 100	4 605	7 323	8 142	8 715
Water Resource Administration	8 202	8 846	11 227	3 589	23 107	25 703	27 512
Sustainable Supply	220 838	250 119	263 617	347 096	317 816	349 723	374 333
Protection Measures	425	425	1 230	455	2 028	2 200	2 355
Institutional Development	1 908	2 000	2 110	7 037	7 197	7 809	8 359
Stakeholder Empowerment	63 217	70 405	91 868	92 640	103 928	112 759	120 694
African Support	-	-	-	-	-	-	-
Water Resource Support	26 334	34 114	69 417	48 857	76 717	83 150	91 187
Operations of Water Resources	201 309	316 631	375 727	439 607	514 580	549 985	590 882
Capital Equipment	5 000	2 500	2 500	2 500	2 535	2 750	2 944
<b>Total</b>	<b>724 008</b>	<b>904 470</b>	<b>1 073 992</b>	<b>1 318 580</b>	<b>1 365 755</b>	<b>1 487 463</b>	<b>1 596 518</b>
Change to 2003 Budget Estimate				262 467	597 694	660 087	

## Economic classification

<b>Current payments</b>	<b>176 224</b>	<b>198 449</b>	<b>363 918</b>	<b>402 585</b>	<b>454 316</b>	<b>501 375</b>	<b>538 764</b>
Compensation of employees	155 379	167 018	200 588	204 183	215 646	230 390	244 213
Goods and services	20 845	31 431	163 330	198 402	238 670	270 985	294 551
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>290 941</b>	<b>408 763</b>	<b>403 603</b>	<b>557 622</b>	<b>548 546</b>	<b>585 827</b>	<b>629 851</b>
Provinces and municipalities	-	-	-	528	766	870	1 868
Departmental agencies and accounts	290 941	408 763	403 603	557 094	547 780	584 957	627 983
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>256 843</b>	<b>297 258</b>	<b>306 471</b>	<b>358 373</b>	<b>362 893</b>	<b>400 261</b>	<b>427 903</b>
Buildings and other fixed structures	256 843	297 258	306 471	314 121	317 816	349 723	374 333
Machinery and equipment	-	-	-	43 059	43 834	49 037	51 979
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	1 193	1 243	1 501	1 591
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>724 008</b>	<b>904 470</b>	<b>1 073 992</b>	<b>1 318 580</b>	<b>1 365 755</b>	<b>1 487 463</b>	<b>1 596 518</b>

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	-	<b>528</b>	<b>766</b>	<b>870</b>	<b>1 868</b>
Regional Services Council levies	-	-	-	528	766	870	1 868
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	-	-	<b>401 103</b>	<b>525 520</b>	<b>514 580</b>	<b>549 985</b>	<b>590 884</b>
Augmentation of the Water Trading Account	-	-	401 103	525 520	514 580	549 985	590 884
<b>Capital</b>	<b>290 941</b>	<b>408 763</b>	<b>2 500</b>	<b>31 574</b>	<b>33 200</b>	<b>34 972</b>	<b>37 099</b>
Augmentation of the Equipment Trading Account	5 000	2 500	2 500	2 500	2 535	2 750	2 944
Irrigation Board subsidies	-	-	-	28 768	30 220	31 731	33 635
Dam safety	-	-	-	306	445	491	520
Augmentation of the Water Trading Account	285 941	406 263	-	-	-	-	-
<b>Total</b>	<b>290 941</b>	<b>408 763</b>	<b>403 603</b>	<b>557 622</b>	<b>548 546</b>	<b>585 827</b>	<b>629 851</b>

### Expenditure trends

Overall expenditure is expected to increase from R724,0 million in 2000/01 to R1,6 billion in 2006/07, an annual average increase of 14,1 per cent. This growth is driven by the establishment of water resource institutions such as catchment management agencies and water user associations.

The Operations of Water Resources subprogramme increased by an annual average of 29,7 per cent between 2000/01 and 2003/04, rising from R201,3 million to R439,6 million. Expenditure is projected to increase by an annual average of 10,4 per cent between 2003/04 and 2006/07, to R590,9 million. These increases are to finance the operations and maintenance of infrastructure, together with increased funding for the Working for Water and Working on Fire programmes. In general, expenditure in all subprogrammes is projected to increase over the MTEF period. Strategic Alignment sees particularly rapid increases, with an annual average growth of 15,6 per cent over the seven years, taking expenditure to R151,5 million in 2006/07. The increased allocations have been directed towards upgrading the hydrological, geo-hydrological and water quality monitoring systems in the face of increasing pollution and scarce water resources; and improving information management to better integrate water resource management.

Additional funds were allocated to the department in 2003/04 in the Equitable Supply subprogramme towards the writing-off of water user associations' debts, which the department had guaranteed through the Land Bank.

There has been consistent growth in expenditure on capital assets: from R256,8 million in 2000/01 to R427,9 million in 2006/07, an annual average increase of 8,9 per cent. This has been to ensure that water resource infrastructure is able to meet water services demand to address the backlog in providing universal access to water.

## **Service delivery objectives and indicators**

### **Recent outputs**

#### *Catchment management agencies*

Internal strategic perspectives (ISPs) have been developed for all 19 water management areas. These are the forerunners of the catchment management strategies that will be prepared by the catchment management agencies when they are established. They describe the water availability and water requirements in each area, and outline the approaches to be adopted for managing water resources. In particular, they provide general principles for the catchment management agencies to authorise water use. These ISPs will be finalised and published in 2004.

Seven proposals for establishing catchment management agencies are now at an advanced stage. These are for the Inkomati, Usutu to Mhlathuze, Thukela, Breede, Olifants-Doorn, Gouritz and Crocodile West/Marico water management areas. Ministerial approval for the Inkomati proposal is imminent, and an advisory committee has been established to make recommendations on the composition of the governing board.

Financial reserves have been set aside for the development of catchment management agencies in accordance with the National Water Act (36 of 1998). Work has begun on developing a system for classifying water resources to support reserve determinations.

#### *Water users*

Water has been supplied to water users in accordance with agreements. However the current drought resulted in reductions in water use by specific sectors in drought-stricken areas. Contingency measures are under consideration to ensure that water is supplied to strategic users such as Eskom.

Action has been taken against a number of illegal water users across the country in response to growing concerns about an apparent increase in the rate of illegal water use in some catchments.

During 2002/03 the water use authorisation and registration management system was augmented with a billing facility. Some 52 000 invoices were sent out to water users, resulting in the collection of R46,0 million from the recently introduced water resource management charge.

#### *Strategy development*

Further progress was made in developing the national water pricing strategy with the conceptualising of a system of water use charges which relate to the discharge of waste and water containing waste. The system was the subject of extensive consultation among water users and other stakeholders, and is expected to be formally published for public comment during 2004/5.

The National Water Resources Strategy was published for comment in the Government Gazette in August 2002, and 2 300 written comments were received. A national programme of consultation was subsequently held, and more than 2 000 stakeholders participated in the 30 public meetings held countrywide.

#### *Regional developments*

In August 2002 an interim agreement was signed by Mozambique, Swaziland and South Africa on the protection and use of the Inkomati and Maputo river systems. Subsequently work has commenced on the Maputo Basin Joint Study.

The Minister and the department participated actively in a series of African Ministers Council on Water (AMCOW) initiatives, including the Pan-African Conference on Water in Ethiopia in December 2003.

### *Irrigation subsidies*

Since 2003/04 subsidies amounting to more than R27,0 million have been provided to about 630 emerging farmers in Mpumalanga and the Western Cape. This has facilitated access to almost 2 000 hectares of irrigated land for the cultivation of sugar cane and deciduous fruit.

### *Job creation*

Working for Water currently provides employment opportunities for up to 18 000 people in more than 300 clearing projects throughout South Africa.

## Medium-term output targets

### Water Resource Management

**Measurable objective:** Ensure that water resources are allocated so that they promote social and economic development and maintain the reliable availability of water in sufficient quantities and of an appropriate quality to meet the needs of all consumers. Meet international water-sharing agreements while ensuring that water resources are protected to enable sustainable water use.

Subprogramme	Output	Measure/Indicator	Target
Equitable Supply	An integrated suite of policies and strategies to facilitate the reconciliation of the availability of, and requirements for water for, all purposes	Reports on water management areas published	19 reports by June 2004
Protection Policies	Water resource classification system, methodologies for determination of reserve, and resource quality objectives	Established and maintained in terms of the National Water Act	December 2005
Institutional Regulations	Strategies, guidelines and procedures for the establishment and transformation of water management institutions	Programmes and procedures in place for the establishment of catchment agencies and the transformation of irrigation boards to water user associations	March 2005
Strategic Alignment	Comprehensive and integrated strategy for managing the country's water resources	Published National Water Resources Strategy	December 2004
African Co-operation	Water-sharing agreements with neighbouring countries, and agreements for sharing technical information and resources with other African countries	Draft water-sharing agreement with Botswana, Mozambique and Zimbabwe regarding the Limpopo River basin	March 2006
Water Resource Administration	Administration for water resources management in the national office	Compliance with public service Regulations and procedures, the Public Finance Management Act (1 of 1999) (PFMA), and other relevant policies and legislation	100% compliance
Sustainable Supply	Water supplied and used for economic and social purposes	Quantity of water supplied of an appropriate quality in accordance with agreements with all consumers	At least 80% compliance on agreements with consumers about quantities supplied by March 2005
Protection Measures	Preliminary reserve determined, and appropriate conditions incorporated into water use licences	Determinations of reserves in priority catchments and as required by license applications	5 comprehensive determinations in priority catchments and ad hoc determinations as required by March 2005

Subprogramme	Output	Measure/Indicator	Target
Institutional Development	Viable and representative institutions for water resources management	6 catchment management agencies established All irrigation boards transformed to water user associations	March 2005 March 2005
Stakeholder Empowerment	Capacitated and informed stakeholders participating in forums and consultative processes	Continual improvement in representivity in participatory processes appropriate to the demographic profile of the area	25% improvement in representivity of stakeholders by March 2005
African Support	Co-operation with neighbouring countries about water-sharing agreements	Conditions of agreements honoured	100% adherence to conditions
Water Resource Support	Administration for water resources management in the regional offices	Compliance with public service Regulations and procedures, the PFMA, and other relevant policies and legislation	100% compliance
Operations of Water Resources	Reliable and sustainable supply of water provided for water and irrigation boards and direct consumers	Reliability of water supplied to raw water consumers	At least 80% reliability in water supply by March 2005
Capital Equipment	Reliable supply of equipment	Appropriate equipment available for construction activities	Provision of all equipment required

### Programme 3: Water Services

*Water Services* ensures access to effective, sustainable and affordable water and sanitation services, through policy development and planning, and regulating and monitoring the sector. This includes institutional and implementation support to local government.

There are 13 subprogrammes:

- Provisioning Policies ensures basic water supply and sanitation services for improved quality of life and poverty alleviation.
- Water Sector Policies provides a framework for the effective and sustainable delivery of water services to underpin economic and social development.
- Institutional Policies supports effective water services institutions.
- Transfer Policies guides the transfer of water services schemes for effective local operations and management.
- Africa Initiative promotes the programme's activities to achieve United Nations millennium development targets in Africa, and to support NEPAD.
- Water Services Administration ensures efficient administration, human resource management, and finance and management support to the programme at the national level (head office).
- Water and Sanitation Services provides infrastructure for basic water supply and sanitation services at the regional level, for improved quality of life and poverty alleviation.
- Water Sector Support supports the delivery of sustainable water services at the regional level to underpin economic and social development.
- Institutional Support provides support at the regional level for effective water services institutions.
- Transfers implements the transfer of water services schemes to ensure effective local level operation and management of water services.
- African Participation promotes and supports policies to achieve the UN millennium development targets in Africa.

- Water Services Support provides a regional support service for water services (management, human resources, finance and general administration).
- Operations of Water Services provides for the augmentation of the Water Trading Account to ensure the reliable and sustainable supply of water for basic use and economic development.

## Expenditure estimates

**Table 34.5: Water Services**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Provisioning Policies	6 234	6 948	7 589	9 171	6 084	6 560	7 022
Water Sector Policies	21 712	29 113	22 989	37 455	40 072	43 211	46 252
Institutional Policies	8 765	9 876	11 641	15 059	6 259	6 749	7 224
Transfer Policies	340	335	380	419	–	–	–
Africa Initiative	1 697	1 766	1 901	3 599	178	192	206
Water Services Administration	3 742	3 846	14 821	4 610	7 818	8 430	9 024
Water and Sanitation Services	725 278	949 461	950 325	1 101 994	145 033	91 477	55 907
Water Sector Support	17 415	21 415	24 563	17 412	40 939	47 713	38 731
Institutional Support	11 776	13 117	16 092	20 977	52 606	67 468	35 049
Transfers	1 759	1 798	1 846	2 048	57 028	77 947	26 509
African Participation	304	336	350	389	608	656	702
Water Services Support	201 636	202 884	221 971	233 748	115 813	124 887	133 674
Operations of Water Services	785 882	691 849	699 687	1 160 966	861 334	937 434	993 500
<b>Total</b>	<b>1 786 540</b>	<b>1 932 744</b>	<b>1 974 155</b>	<b>2 607 847</b>	<b>1 333 772</b>	<b>1 412 724</b>	<b>1 353 800</b>
Change to 2003 Budget Estimate				168 125	(953 469)	(1 074 815)	

### Economic classification

	256 759	284 764	272 422	342 207	309 024	333 253	300 117
<b>Current payments</b>							
Compensation of employees	50 646	55 629	68 224	60 136	66 526	72 374	76 716
Goods and services	206 113	229 135	204 198	282 071	242 498	260 879	223 401
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>1 515 722</b>	<b>1 454 949</b>	<b>1 699 599</b>	<b>2 263 671</b>	<b>1 022 391</b>	<b>1 076 950</b>	<b>995 104</b>
Provinces and municipalities	1 515 722	1 454 949	1 699 599	2 263 671	1 019 391	1 073 950	992 104
Departmental agencies and accounts	–	–	–	–	3 000	3 000	3 000
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>14 059</b>	<b>193 031</b>	<b>2 134</b>	<b>1 969</b>	<b>2 357</b>	<b>2 521</b>	<b>58 579</b>
Buildings and other fixed structures	–	192 250	–	–	–	–	55 907
Machinery and equipment	14 059	781	2 134	1 931	2 309	2 441	2 587
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	38	48	80	85
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>1 786 540</b>	<b>1 932 744</b>	<b>1 974 155</b>	<b>2 607 847</b>	<b>1 333 772</b>	<b>1 412 724</b>	<b>1 353 800</b>

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>790 444</b>	<b>697 738</b>	<b>700 500</b>	<b>1 161 859</b>	<b>859 112</b>	<b>935 271</b>	<b>992 104</b>
Augmentation of the Water Trading Account	785 882	691 849	699 687	1 160 966	858 334	934 434	990 500
Local Institutional Development Support	3 900	5 153	-	-	-	-	-
Regional Services Council levies	662	736	813	893	778	837	1 604
<b>Capital</b>	<b>725 278</b>	<b>757 211</b>	<b>999 099</b>	<b>1 101 812</b>	<b>160 279</b>	<b>138 679</b>	<b>-</b>
Implementation of Water Services Projects Grants	725 278	757 211	999 099	1 101 812	160 279	138 679	-
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 000</b>	<b>3 000</b>	<b>3 000</b>
Augmentation of the Water Trading Account	-	-	-	-	3 000	3 000	3 000
<b>Total</b>	<b>1 515 722</b>	<b>1 454 949</b>	<b>1 699 599</b>	<b>2 263 671</b>	<b>1 022 391</b>	<b>1 076 950</b>	<b>995 104</b>

## Expenditure trends

Expenditure on *Water Services* is driven by both the operational costs of providing water services and the investment in capital infrastructure needed to extend access to water services. Total expenditure rose from R1,8 billion in 2000/01 to R2,6 billion in 2003/04, an annual average increase of 13,4 per cent, and is expected to fall back to R1,4 billion by 2006/07.

Several important movements in funds underlie these changes. There was a particularly large increase in expenditure of R633,7 million in 2003/04, an increase of 32,1 per cent on 2002/03, to help reduce the backlogs in the provision of water and sanitation services, and to support the process of transferring water services to local authorities. This increase is reflected in the increased allocations to the Operations of Water Services, Water and Sanitation Services, and Transfers subprogrammes. Total expenditure on the programme is expected to fall from R2,6 billion in 2003/04 to R1,4 billion in 2006/07 as the funding of water services infrastructure moves off the department's vote and is channelled through the Municipal Infrastructure Grant. This will happen in accordance with the 2004 Division of Revenue Act.

Expenditure on capital assets decreases from R14,1 million in 2000/01 to R2,1 million in 2002/03, an annual average decrease of 84,8 per cent, before falling in 2006/07 to R58,6 million due to the movement of funds to the Municipal Infrastructure Grant.

Transfers to provinces and municipalities fluctuate over the full seven-year period, but overall they decline from R1,5 billion in 2000/01 to R492,1 million in 2006/07, an annual average decrease of 6,8 per cent.

## Service delivery objectives and indicators

### Recent outputs

#### *Policy review*

Extensive consultations on the policy review for water services led to Cabinet approval of the Water Services Strategic Framework.

*Basic water and sanitation services*

The department continued with its programme to provide basic water services to an additional 750 000 people as well as increasing the rate of delivery of basic sanitation. The eradication of bucket systems received particular attention. Support was extended to municipalities in the planning and implementation of the free basic water policy through an intensive campaign. A draft policy on free basic sanitation was developed and consulted on with stakeholders. Monitoring of water boards was stepped up to ensure more effective service delivery.

*Transfer of water services*

The process of the transfer of water services to local authorities gathered momentum and seven transfer agreements were signed. A comprehensive audit was completed of all water services schemes to be transferred. A new directorate was created to take responsibility for the regulatory function of water services. Support to water services institutions, especially municipalities, continued to grow, focusing on planning support as well as capacity-building to allow them to take on their role as water service authorities.

DWAF continued to provide support to water services authorities in the development of their Water Services Development Plans as a chapter of their integrated development plans (IDP).

**Medium-term output targets****Water Services**

**Measurable objective:** Ensure effective, efficient and sustainable use and supply of water and sanitation services by institutions that are accountable and responsive to the community that they serve.

Subprogramme	Output	Measure/Indicator	Target
Provisioning Policies	Effective and sustainable basic water supply and sanitation, as well as free basic services	Detailed strategies developed to achieve targets for basic services as set out in the strategic framework	March 2005
Water Sector Policies	Universal effective water supply and sanitation services	Strategy to implement targets and policies of strategic framework completed Reports produced on sector and institutional performance	March 2005 March 2005
Institutional Policies	Empowered water services authorities, providers and water boards	Strategy for institutional reform submitted to Cabinet	June 2005
Africa Initiative	Participate in water services programmes in Africa	Number of technical engagements participated in	At least 5 by March 2005
Water Services Administration	Effective water services sector leadership	Institutional framework and support services in place and new units functional after restructuring	March 2005
Water and Sanitation Services	Reduce backlog of people without access to basic water services	Increase in number of people served with basic water supply and number of households with basic sanitation	Additional 750 000 people served with basic water supply and another 85 000 households supplied with basic sanitation by March 2005
Water Sector Support	Access to basic services for the poor	Proportion of municipalities given support to provide free basic water to 75% of total population with access	All municipalities supported by March 2005
Institutional Support	Effective institutions for water services	Rate of restructuring of water service providers	Restructuring process 75% completed by March 2005
Transfers	Effective transfer of water services schemes to appropriate institutions	Number of schemes transferred	150 by March 2005

Subprogramme	Output	Measure/Indicator	Target
Africa Participation	Develop policies to facilitate participation in water services programmes in Africa	Number of policies developed in line with planned technical engagements	At least 5 by March 2005
Water Services Support	Administration for water services management within the regions	Compliance with public service regulations and procedures, as well as the PFMA	100% compliance
Operations of Water Services	Reliable and sustainable supply of water provided for basic use and economic development	Water supplied as per scheme design capacity	80% compliance

#### Programme 4: Forestry

The *Forestry* programme promotes the conservation of plantation and indigenous forests and their commercial and community uses, to achieve optimal social and economic benefits and to promote rural development, through policy development, regulation, facilitation and monitoring and evaluation.

The programme is organised into the following subprogrammes, which reflect the organisational restructuring the department has undergone.

- Plantation Restructuring develops and supports policies to ensure the sustainable development and management of plantation forestry to achieve equitable economic and social benefits, particularly in rural areas.
- Indigenous Forest Restructuring develops and promotes policies to support the sustainable development and management of indigenous forests to optimise their social, economic and environmental benefits.
- Forestry Oversight develops policies in support of sustainable forest management, oversees the sector and ensures that policy at all levels of government is coherent.
- African Forestry Liaison promotes sustainable forest management in Africa in support of NEPAD.
- Community Forestry develops and promotes policies to empower communities and disadvantaged groups to make use of tree and forest resources to support sustainable livelihoods.
- Forestry Management Support provides efficient general administration and management support to the programme.
- Plantation Management supports the sustainable development and management of plantation forestry at the regional level to achieve equitable economic benefits, particularly in rural areas.
- Indigenous Forest Management supports the sustainable development and management of indigenous forests to optimise their social, economic and environmental benefits.
- Forestry Governance supports sustainable forest management in South Africa by overseeing the community forestry sector.
- Community Empowerment helps disadvantaged communities and groups to make use of tree and forest resources to support sustainable livelihoods.
- Forestry Support Services provides support services for regional forestry activities in management, human resources, finance and general administration.

## Expenditure estimates

Table 34.6: Forestry

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Plantation Restructuring	730	730	750	811	776	822	871
Indigenous Forest Restructuring	200	200	200	208	209	219	232
Forestry Oversight	12 200	12 806	13 246	14 344	13 927	14 750	15 635
African Forestry Liaison	630	630	650	678	658	697	739
Community Forestry	100	100	100	104	103	109	116
Forestry Management Support	3 900	3 900	4 280	4 670	4 534	4 802	5 090
Plantation Management	245 740	329 430	288 642	301 081	227 831	244 143	258 675
Indigenous Forest Management	33 174	40 336	44 483	51 028	49 543	52 471	55 619
Forestry Governance	1 702	1 736	1 840	2 012	1 953	2 068	2 192
Community Empowerment	19 100	19 800	23 500	24 691	23 973	25 389	26 912
Forestry Support Services	23 750	24 800	25 600	27 134	26 348	27 905	29 579
<b>Total</b>	<b>341 226</b>	<b>434 468</b>	<b>403 291</b>	<b>426 761</b>	<b>349 855</b>	<b>373 375</b>	<b>395 660</b>
Change to 2003 Budget Estimate				73 124	1 920	1 965	
<b>Economic classification</b>							
<b>Current payments</b>	<b>121 284</b>	<b>151 960</b>	<b>397 416</b>	<b>404 389</b>	<b>343 330</b>	<b>365 456</b>	<b>386 820</b>
Compensation of employees	91 904	90 727	276 066	249 611	218 333	232 234	246 050
Goods and services	29 380	61 233	120 838	152 621	123 492	131 627	139 079
Interest and rent on land	–	–	512	2 157	1 505	1 595	1 691
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>218 282</b>	<b>279 359</b>	<b>389</b>	<b>16 395</b>	<b>398</b>	<b>424</b>	<b>895</b>
Provinces and municipalities	191	197	388	394	397	423	894
Departmental agencies and accounts	218 091	279 162	1	16 001	1	1	1
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1 660</b>	<b>3 149</b>	<b>5 486</b>	<b>5 977</b>	<b>6 127</b>	<b>7 495</b>	<b>7 945</b>
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	1 660	3 149	5 486	5 977	6 127	7 495	7 945
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>341 226</b>	<b>434 468</b>	<b>403 291</b>	<b>426 761</b>	<b>349 855</b>	<b>373 375</b>	<b>395 660</b>
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>191</b>	<b>197</b>	<b>388</b>	<b>394</b>	<b>397</b>	<b>423</b>	<b>894</b>
Regional Services Council levies	191	197	388	394	397	423	894
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>218 091</b>	<b>279 162</b>	<b>1</b>	<b>16 001</b>	<b>1</b>	<b>1</b>	<b>1</b>
Industrial Plantation Trading Account	218 091	279 162	1	16 001	1	1	1
<b>Total</b>	<b>218 282</b>	<b>279 359</b>	<b>389</b>	<b>16 395</b>	<b>398</b>	<b>424</b>	<b>895</b>

## **Expenditure trends**

Expenditure on the *Forestry* programme is heavily influenced by expenditure on the commercial and indigenous forests that are under the department's control. The long-term strategy is for these to be transferred out of the department, with a concurrent reduction in expenditure. However, these transfers have taken longer than expected, leading to higher than forecast expenditure.

Overall expenditure rose from R341,2 million in 2000/01 to R426,8 million in 2003/04, an annual average increase of 7,7 per cent. However this has not been a smooth increase, with expenditure peaking at R434,5 million in 2001/02. Over the next three years it is forecast to fall to R349,9 million in 2004/05, and then increase steadily to reach R395,7 million in 2006/07. The fluctuations in expenditure result from allocations to restructuring packages for forests transferred to the South African Forestry Company Limited (Safcol) in 2001/02 and increased funding to salvage fire-damaged timber and to cover the operating costs of the Mpumalanga forests in 2003/04.

The Industrial Plantation Trading Account ceased to operate in 2002/03, and the costs of managing state-owned forestry enterprises were transferred to the National Revenue Fund. The revenue recovered from forestry operations was reassigned to the department for 2003/04 in order to reduce operating costs. This impacted on the classification of payments, but not on the overall departmental expenditure.

## **Service delivery objectives and indicators**

### **Recent outputs**

#### *Transfers of forests*

The transfer of category B plantations Manzegwenya and Mbazwane was delayed because of a claim by tribal authorities on the plantations. This matter is likely to be resolved and the transfer enabled by 2004/05. Policy and procedures for the transfer of category B plantations have been amended and updated.

Similarly, the transfer of indigenous forests in the Eastern Cape, which was intended for 2003/04, was delayed by negotiations between the Department of Environmental Affairs and Tourism and the provincial government on the most appropriate host institution.

The development of policy and procedures for the transfer of indigenous forests and the delegation of management responsibility for approximately 100 000 hectares of indigenous forest has been completed.

#### *SADC protocol*

Other recent achievements include the operability of the forest information system and the signing and ratification of the SADC protocol by South Africa during 2003. The objectives of this protocol are to: promote the development, conservation, sustainable management and use of all types of forests and trees; promote trade in forest products throughout the region in order to alleviate poverty and generate economic opportunities; and achieve effective protection of the environment.

#### *Management of state plantations*

Expertise from Safcol was brought in, to evaluate the management of the state plantations. Extensive forest fires during 2003/04 impacted on both state and private forests and reduced the volume of timber available from the DWAF plantations. Salvaging operations had to be put in place to manage the burnt areas to get maximum financial benefit from the fire-damaged timber.

The initiative to expand afforestation in the Eastern Cape is progressing, and a strategic environmental assessment of the area is underway.

### Medium-term output targets

#### Forestry

<b>Measurable objective:</b> Ensure the sustainable management of all forests and plantations, and enhance the contribution of forest resources to economic development and poverty eradication.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Plantation Restructuring	Category B plantations transferred in accordance with national policy	Proportion of category B plantations transferred	1/3 by March 2005
Indigenous Forestry Restructuring	Transfer management of department's indigenous forests to appropriate agencies	Proportion of department's indigenous forests transferred to effective agencies as approved by Director-General	40% by March 2005
Forestry Oversight	Growth in forestry sector in South Africa	Percentage growth in: investment in sector; volume of trees processed; and product sales	6% growth in investment by March 2005 10% growth in volume of trees processed by March 2005 20% growth in product sales by March 2005
African Forestry Liaison	Improved regional co-operation on management of forest resources	Contents of SADC protocol disseminated through sector and obligations complied with	March 2005
Community Forestry	Increase understanding of the role of forestry in sustainable livelihoods	Develop policy that facilitates community awareness of the uses of forestry in sustainable livelihoods	March 2005
Plantation Management	Routine operations maintained	Restrict fire damage to plantable area	Restrict to 5% by March 2005
Indigenous Forest Management	Indigenous forests managed sustainably	Management plans in place for all Indigenous Forestry Management estates, whether managed by the state or by another entity	March 2005
Forestry Governance	Regulation of sustainable forest management	National system developed and in operation Regulations published	March 2005 March 2005
Community Empowerment	Community-based forestry	Eastern Cape forestry enterprise development initiative operative Exploration completed on the establishment of forestry enterprise development offices in other relevant provinces	March 2005 March 2005
Forestry Support Services	Forestry extension services provided to communities	Number of community forestry agreements completed	4 by March 2005

### Trading Accounts

#### Water Trading Account

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

- **Component 1: Integrated Water Resource Management:** The aim is to develop catchment management plans, and to implement these through the effective integration and rollout of water quality, water use, and water conservation measures within all catchments in the country. Spending in this component includes the R370,0 million allocation for 2004/05 for the Working for Water and Working for Fire programmes for alleviating poverty.
- **Component 2: Integrated Systems:** In many cases the available water resources in a particular area cannot meet the demand. Water is then transferred from water-rich catchments, for example from the Tugela basin to Gauteng. The management, operation and maintenance of

these schemes as integrated systems, as well as the revenue collected from water users, are reflected in this component.

- **Component 3: Bulk Water Supply:** A number of schemes are operated as stand-alone schemes and do not form part of an integrated network with other schemes. The supply of water is mostly in bulk to different water-user groups, but the agricultural sector is by far the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs, and revenue is earned through the sales of water, mostly in bulk.
- **Component 4: Water Services:** After 1994, a number of schemes (water and sanitation) were transferred from the previous homeland dispensations to DWAF. More than 7 million people are currently served through these schemes, and the operational, maintenance and management costs are reflected in this component. These schemes are currently being transferred to local government.

Two main sources of funding are currently available to cover spending under the Water Trading Account. The first is a revenue stream generated by a water resource management charge levied on all registered water users (component 1), as well as revenue collected through the sale of water in bulk to various institutions and individuals (components 2, 3 and 4). The shortfall is funded through allocations from the National Revenue Fund in the normal Budget process, specifically the grant-in-kind to local government, as set out in the annual Division of Revenue Act.

The transfer of water services schemes and related functions to local governments and some water resource schemes to water user associations will have a positive effect on the deficit. The implementation of the national water pricing strategy will further improve the financial state of the Water Trading Account. New tariffs structures in some areas have already resulted in full cost recovery.

Income from water sales on the Water Trading Account is estimated at R2,0 billion in 2004/05, R2,1 billion in 2005/06 and R2,2 billion in 2006/07. However, there will be a reduction in expenditure on bulk water supply, component 3 of the trading account, during the period if the transfer process is realised as intended.

**Table 34.7 Summary of revenue and expenses for the Water Trading Account**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R Thousand	2000/01	2001/02	2002/03	2003/04			
<b>Revenue</b>							
Tax revenue	(59)	27	–	–	–	–	–
Non-tax revenue	1 624 585	1 745 537	2 127 862	1 947 361	2 041 888	2 136 071	2 235 421
Sale of capital assets	–	–	–	–	–	–	–
Transfers received	1 027 431	1 008 480	1 094 186	1 825 573	1 405 914	1 520 419	1 620 382
<b>Total revenue</b>	<b>2 651 957</b>	<b>2 754 044</b>	<b>3 222 048</b>	<b>3 772 934</b>	<b>3 447 802</b>	<b>3 656 490</b>	<b>3 855 803</b>
<b>Expenses</b>							
Current expenses	1 438 840	2 654 729	2 999 191	3 504 556	3 245 667	3 447 438	3 635 295
<i>Compensation of employees</i>	595 605	636 756	673 749	626 387	686 121	709 360	748 079
<i>Goods and services</i>	731 782	1 682 910	1 783 886	2 423 685	2 078 781	2 214 203	2 334 634
<i>Transfer payments and subsidies</i>	111 453	93 950	99 113	147 343	121 983	102 027	107 618
<i>Other expenditure</i>	–	241 113	442 443	307 141	358 782	421 848	444 964
Capital expenditure	1 213 115	99 315	222 857	268 378	202 135	209 052	220 508
<i>Transfer payments</i>	66 459	64 086	148 251	146 023	161 785	167 341	176 511
<i>Fixed assets</i>	1 146 656	34 562	74 606	121 432	38 091	39 317	41 472
<i>Land and subsoil assets</i>	–	667	–	923	2 259	2 394	2 525
<b>Total expenses</b>	<b>2 651 955</b>	<b>2 754 044</b>	<b>3 222 048</b>	<b>3 772 934</b>	<b>3 447 802</b>	<b>3 656 490</b>	<b>3 855 803</b>
<b>Surplus / (Deficit)</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Equipment Trading Account

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

The main sources of revenue for the Equipment Trading Account in 2002/03 were income from leases (R43,3 million), and revenue from the sale of plant and equipment (R6,0 million) and the collection of maintenance fees (R573 000). At the end of the financial year any surplus is paid into the National Revenue Fund. Any shortfalls are funded via the Capital Equipment subprogramme within the *Water Resource Management* programme.

**Table 34.8 Summary of revenue and expenses for the Equipment Trading Account**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R Thousand	2000/01	2001/02	2002/03	2003/04			
<b>Revenue</b>							
Tax revenue	–	–	–	–	–	–	–
Non-tax revenue	43 319	44 636	46 975	48 384	49 835	53 016	56 197
Sale of capital assets	1 885	2 858	2 102	2 402	2 615	2 782	2 949
Transfers received	5 000	2 500	2 500	2 500	2 500	2 660	2 820
<b>Total revenue</b>	<b>50 204</b>	<b>49 994</b>	<b>51 577</b>	<b>53 286</b>	<b>54 950</b>	<b>58 458</b>	<b>61 966</b>
<b>Expenses</b>							
Current expenses	5 849	6 761	7 964	8 203	8 449	8 956	9 493
<i>Compensation of employees</i>	–	–	–	–	–	–	–
<i>Goods and services</i>	5 849	6 761	7 964	8 203	8 449	8 956	9 493
<i>Transfer payments and subsidies</i>	–	–	–	–	–	–	–
<i>Other expenditure</i>	–	–	–	–	–	–	–
Capital expenditure	37 470	37 875	39 011	40 181	41 386	43 869	46 501
<i>Transfer payments</i>	–	–	–	–	–	–	–
<i>Fixed assets</i>	37 470	37 875	39 011	40 181	41 386	43 869	46 501
<i>Land and subsoil assets</i>	–	–	–	–	–	–	–
<b>Total expenses</b>	<b>43 319</b>	<b>44 636</b>	<b>46 975</b>	<b>48 384</b>	<b>49 835</b>	<b>52 825</b>	<b>55 994</b>
<b>Surplus / (Deficit)</b>	<b>6 885</b>	<b>5 358</b>	<b>4 602</b>	<b>4 902</b>	<b>5 115</b>	<b>5 633</b>	<b>5 972</b>

## Public entities reporting to the Minister

### Trans-Caledon Tunnel Authority

The Trans-Caledon Tunnel Authority (TCTA) was established in 1986 to undertake certain tasks emanating from the treaty on the Lesotho Highlands Water Project on behalf of the South African government. The project aims to augment water supply to the Vaal system and to generate hydroelectric power in Lesotho. The TCTA was directed by the department to fund all costs incurred in the water delivery component of the Lesotho Highlands Water Project, and to undertake financial risk management on behalf of South Africa.

Following revisions to the protocol for the implementation of the project, new governance arrangements have been introduced to improve operational efficiency. In terms of its revised establishment agreement, the authority may be required to perform additional responsibilities in other areas. These need not be related to the Lesotho Highlands Water Project; DWAF may require specific expertise on other projects as well. In accordance with this provision, the TCTA has been tasked with the implementation and funding of the Berg River Project.

No grants are made to the authority, as it is funded from income on the sale of water from the Vaal River system, and shortfalls in revenue are funded through commercial loans. In March 2003, TCTA's annual income was R1,3 billion while its total liabilities amounted to R16,3 billion.

### Water Research Commission

The Water Research Commission's terms of reference are to promote co-ordination, communication and co-operation in the field of water research, to establish water research needs and priorities from a national perspective, to fund prioritised research, and to promote the effective transfer, dissemination and application of research findings. The commission plays an important role in developing high-level human resources in the sector.

No grants are made to the commission as its work is funded by a levy on water users. The commission's revenue for 2003/04 matched its expenditures of R108,5 million. About 76,6 per cent of expenditure is directed towards research funding.

### Water boards

The water boards were established as water service providers that report to the Minister. These boards manage water services within their supply areas, and supply potable water at cost-effective prices. All water boards have tabled annual reports for the last financial year. An assessment of the financial status of the water boards is conducted by DWAF annually.

#### The water boards

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

### Other entities

#### Komati River Basin Water Authority

The Komati River Basin Development Project is a joint development between South Africa and Swaziland in terms of the treaty on the development and utilisation of the water resources of the Komati River basin, ratified in 1992. The purpose of the project is to promote rural development and alleviate poverty in the lower Komati Valley by increasing the productivity of the land through irrigated agriculture. In terms of the treaty, the Komati River Basin Water Authority (Kobwa) was established as a special purpose vehicle charged with managing and financing the project. The main focus of the project was the construction of the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland. Both have been completed.

#### Irrigation boards and water user associations

In terms of sections 61 and 62 of the National Water Act (36 of 1998), the new policy framework for financial assistance to water management institutions for irrigated agricultural development endeavours to promote initial access to irrigated agriculture and to enhance sustainable irrigation development by subsidising emerging farmers. In 2003/04, subsidies to irrigation boards and water user associations for this purpose were R28,4 million. These will be increased to R30,0 million for the year 2004/05.

Currently all irrigation boards are in the process of being transformed into water user associations to fall under the ambit of the National Water Act. In 2003/04 additional funds were allocated for writing off unrecoverable debts from some water user associations. Debts of R30,0 million,

R19,0 million and R48,0 million were written off for the Impala, Great Fish River and Lower Blyde River water user associations, respectively.

**National Forest Recreation and Access Trust**

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

The only source of revenue for the trust is interest received on an investment at the Corporation for Public Deposit, which amounted to R269 000 for the year ending 31 March 2003.

## **Annexure**

### **Vote 34: Water Affairs and Forestry**

Table 34.9: Summary of expenditure trends and estimates per programme

Table 34.10: Summary of expenditure trends and estimates per economic classification

Table 34.11: Summary of personnel numbers and compensation of employees

Table 34.12: Summary of expenditure on training

Table 34.13: Summary of information and communications technology expenditure

Table 34.14: Summary of conditional grants to local government (municipalities)

Table 34.15: Summary of official development assistance expenditure

**Table 34.9: Summary of expenditure trends and estimates per programme**

	Expenditure outcome			Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
1 Administration	189 843	211 373	229 187	237 071	48 921	285 992	285 992
2 Water Resource Management	724 008	904 470	1 073 992	1 056 113	262 467	1 318 580	1 318 580
3 Water Services	1 786 540	1 932 744	1 974 155	2 439 722	168 125	2 607 847	2 607 847
4 Forestry	341 226	434 468	403 291	353 637	73 124	426 761	426 761
<b>Total</b>	<b>3 041 617</b>	<b>3 483 055</b>	<b>3 680 625</b>	<b>4 086 543</b>	<b>552 637</b>	<b>4 639 180</b>	<b>4 639 180</b>
Change to 2003 Budget Estimate						552 637	552 637
						(352 222)	(411 123)

Table 34.10: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2003/04	2004/05	2005/06
R thousand										
<b>Current payments</b>										
<b>Compensation of employees</b>	373 294	406 708	646 661	585 929	74 141	660 070	660 070	606 705	647 398	686 123
- Salaries and wages	298 635	325 366	517 328	459 855	74 141	533 996	533 996	485 364	457 797	530 863
- Social contributions	74 659	81 342	129 333	126 074	-	126 074	126 074	121 341	189 601	155 260
<b>Goods and services</b>	356 046	422 758	604 955	693 357	69 693	763 050	763 050	736 896	804 473	806 583
<b>Interest and rent on land</b>	-	-	512	2 157	-	2 157	2 157	1 505	1 595	1 691
- Interest	-	-	512	2 157	-	2 157	2 157	1 505	1 595	1 691
- Rent on land	-	-	-	-	-	-	-	-	-	-
<b>Financial transactions in assets and liabilities</b>	595	6 169	676	-	-	-	-	-	-	-
<b>Unauthorised expenditure</b>	-	-	-	-	-	-	-	-	-	-
<b>Total current payments</b>	729 935	835 635	1 252 804	1 281 443	143 834	1 425 277	1 425 277	1 345 106	1 453 466	1 494 397
<b>Transfers and subsidies to:</b>										
<b>Provinces and municipalities</b>	1 516 233	1 455 470	1 700 361	2 100 038	164 966	2 265 004	2 265 004	1 020 979	1 075 696	995 346
- Provinces	-	-	-	-	-	-	-	-	-	-
- Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-
- Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
- <b>Municipalities</b>	1 516 233	1 455 470	1 700 361	2 100 038	164 966	2 265 004	2 265 004	1 020 979	1 075 696	995 346
- Municipalities	1 516 233	1 455 470	1 700 361	2 100 038	164 966	2 265 004	2 265 004	1 020 979	1 075 696	995 346
- Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>	509 032	687 925	403 604	379 260	193 835	573 095	573 095	550 781	587 958	630 984
- Social security funds	-	-	-	-	-	-	-	-	-	-
- Departmental agencies (non-business entities)	509 032	687 925	403 604	379 260	193 835	573 095	573 095	550 781	587 958	630 984

**Table 34.10: Summary of expenditure trends and estimates per economic classification (continued)**

	Expenditure outcome				Medium-term expenditure estimate					
	Audited	Audited	Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03							
R thousand					2003/04					
<b>Universities and technicians</b>	-	-	-	-	-	-	-	-	-	-
<b>Foreign governments &amp; international organisations</b>	-	-	-	-	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>	-	-	-	-	-	-	-	-	-	-
- <b>Public corporations</b>	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-
- <b>Private enterprises</b>	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-
<b>Non-profit institutions</b>	-	-	-	-	-	-	-	-	-	-
<b>Households</b>	-	-	-	-	-	-	-	-	-	-
- Social benefits	-	-	-	-	-	-	-	-	-	-
- Other transfers to households	-	-	-	-	-	-	-	-	-	-
<b>Total transfers and subsidies</b>	<b>2 025 265</b>	<b>2 143 395</b>	<b>2 103 965</b>	<b>2 479 298</b>	<b>358 801</b>	<b>2 838 099</b>	<b>2 838 099</b>	<b>1 571 760</b>	<b>1 663 654</b>	<b>1 626 330</b>
<b>Payments on capital assets</b>										
<b>Buildings and other fixed structures</b>	<b>256 843</b>	<b>489 508</b>	<b>306 471</b>	<b>264 121</b>	<b>50 000</b>	<b>314 121</b>	<b>314 121</b>	<b>320 316</b>	<b>352 513</b>	<b>433 197</b>
- Buildings	-	-	-	-	-	-	-	2 500	2 790	2 957
- Other fixed structures	256 843	489 508	306 471	264 121	50 000	314 121	314 121	317 816	349 723	430 240
<b>Machinery and equipment</b>	<b>15 719</b>	<b>3 930</b>	<b>7 620</b>	<b>50 965</b>	<b>2</b>	<b>50 967</b>	<b>50 967</b>	<b>52 270</b>	<b>58 973</b>	<b>62 511</b>
- Transport equipment	-	-	-	-	-	-	-	-	-	-
- Other machinery and equipment	15 719	3 930	7 620	50 965	2	50 967	50 967	52 270	58 973	62 511

Table 34.10: Summary of expenditure trends and estimates per economic classification (continued)

	Expenditure outcome				Revised estimate	Medium-term expenditure estimate		
	Audited		Preliminary outcome	Adjusted appropriation		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
<b>Cultivated assets</b>	-	-	-	-	-	-	-	
<b>Software and other intangible assets</b>	13 855	10 587	9 765	9 485	11 401	12 225	12 959	
<b>Land and subsoil assets</b>	-	-	-	1 231	1 291	1 581	1 676	
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-	
<b>Total payments on capital assets</b>	286 417	504 025	323 856	325 802	385 278	425 292	510 343	
<b>Total</b>	3 041 617	3 483 055	3 680 625	4 086 543	3 302 144	3 542 412	3 631 070	

Table 34.11: Summary of personnel numbers and compensation of employees<sup>1</sup>

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	730	772	772	772	772
2 Water Resource Management	3 866	4 023	4 104	4 104	4 104
3 Water Services	76	74	74	74	74
4 Forestry	1 978	1 843	4 893	4 893	4 893
<b>Total</b>	<b>6 650</b>	<b>6 712</b>	<b>9 843</b>	<b>9 843</b>	<b>9 843</b>
Total compensation of employees (R thousand)	373 294	406 708	646 661	660 070	606 705
Unit cost (R thousand)	56.1	60.6	65.7	67.1	61.6

<sup>1</sup> Full-time equivalent

**Table 34.12: Summary of expenditure on training**

	Expenditure outcome						Medium-term expenditure estimate		
	Audited		Preliminary outcome		Adjusted appropriation	2003/04			
	2000/01	2001/02	2002/03	2004/05		2005/06	2006/07		
R thousand	19 300	19 701	2 208	2 226	2 351	2 492	2 642		
1 Administration	-	-	28 953	32 103	26 688	28 289	29 986		
2 Water Resource Management	-	-	699	704	743	787	834		
3 Water Services	-	-	3 723	3 239	3 160	3 349	3 550		
4 Forestry									
<b>Total</b>	<b>19 300</b>	<b>19 701</b>	<b>35 583</b>	<b>38 272</b>	<b>32 942</b>	<b>34 917</b>	<b>37 012</b>		

**Table 34.13: Summary of information and communications technology expenditure**

	Expenditure outcome				Medium-term expenditure estimate			
	Audited		Preliminary outcome		Adjusted appropriation	2003/04		
	2000/01	2001/02	2002/03	2004/05		2005/06	2006/07	
R thousand	-	58 697	70 534	76 426	78 904	83 638	88 657	
<b>1 Administration</b>								
Technology	-	5 857	6 897	6 353	7 919	8 394	8 898	
IT services	-	52 840	63 637	70 073	70 985	75 244	79 759	
<b>2 Water Resources Management</b>								
Technology	-	22 093	33 662	33 930	33 268	35 204	37 317	
IT services	-	9 085	11 481	10 176	8 404	8 911	9 446	
<b>3 Water Services</b>								
Technology	-	13 008	22 181	23 754	24 864	26 293	27 871	
IT services	-	1 773	1 726	1 787	1 862	1 981	2 100	
<b>4 Forestry</b>								
Technology	-	781	796	812	842	896	950	
IT services	-	992	930	975	1 020	1 085	1 150	
<b>4 Forestry</b>								
Technology	-	905	1 151	1 061	1 096	1 166	1 236	
IT services	-	905	1 151	1 061	1 096	1 166	1 236	
	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>83 468</b>	<b>107 073</b>	<b>113 204</b>	<b>115 130</b>	<b>121 989</b>	<b>129 310</b>	

Table 34.14: Summary of conditional grants to local government (municipalities)<sup>1</sup>

	Expenditure outcome				Adjusted Appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03		2003/04	2004/05	2005/06	2006/07
<b>3 Water Services</b>								
<b>Operations of Water Resources</b>								
Water services operating subsidy (via augmentation to the Water Trading Account)	785 882	691 849	699 687		1 001 475	858 334	934 434	990 500
<b>Basic Water and Sanitation Infrastructure</b>								
Implementation of Water Services Projects Grant (capital)	725 278	757 211	999 099		1 101 812	160 279	138 679	-
Institutional Support	3 900	5 153	-		-	-	-	-
<b>Total</b>	<b>1 515 060</b>	<b>1 454 213</b>	<b>1 698 786</b>		<b>2 103 287</b>	<b>1 018 613</b>	<b>1 073 113</b>	<b>990 500</b>

<sup>1</sup> Detail provided in the Division of Revenue Act, 2004.

**Table 34.15: Summary of official development assistance expenditure**

Donor	Programme / project name	Cash or kind	Expenditure outcome			Medium-term expenditure estimate			
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
R thousand									
Hermanus Municipality		Cash	-	-	1 285	-	-	-	-
Denmark	Community water supply and sanitation	Cash	1 150	2 470	1 664	-	1 500	-	-
European Union	Water and sanitation services	Cash	81 245	268 488	267 386	-	60 000	-	-
Finland	Working for water	Cash	1 773	6 025	835	-	-	-	-
France	Community water supply and sanitation	Cash	-	1 100	97	1 500	10 000	-	-
Ireland	Water supply and sanitation programme	Cash	-	-	10 564	1 000	4 000	-	-
Netherlands	Community water supply and sanitation	Cash	5 276	20 587	22 723	-	-	-	-
Norway	Sustainable development of groundwater resources	Cash	568	4 000	4 431	-	4 500	-	-
Republic of China	Community forestry	Cash	3 200	516	-	-	-	-	-
United Kingdom	Water services (Masibambane programme)	Cash	886	2 100	386	3 704	2 500	-	-
UNESCO	Technical assistance with capacity-building	Kind	-	-	-	10 000	10 000	-	-
Japan	Rural water supply	Kind	-	-	-	50 000	50 000	-	-
United Kingdom	Water and forestry support programme	Kind	-	-	-	1 000	-	-	-
	Making forestry markets	Kind	-	-	-	20 200	10 000	-	-
	Corporate institutional transformation	Kind	-	-	-	20 200	7 000	-	-
	Support to water services	Kind	-	-	-	20 200	20 000	-	-
	Support to water services management	Kind	-	-	-	20 200	10 000	-	-
	Strengthening forestry chief directorate	Kind	-	-	-	20 200	16 000	-	-
<b>Total</b>			<b>94 098</b>	<b>305 286</b>	<b>309 371</b>	<b>168 204</b>	<b>205 500</b>	<b>-</b>	<b>-</b>