

Vote 34

Water Affairs and Forestry

2007/08				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	5 306 347	5 862 513	–	556 166
<i>of which:</i>				
Current payments	3 175 667	2 959 274	(216 393)	–
Transfers and subsidies	2 030 204	2 439 639	–	409 435
Payments for capital assets	100 476	463 600	–	363 124
Executive authority	Minister 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; to ensure the universal and efficient supply of water services at local level; and to promote sustainable management of forests.

Adjusted Estimates of National Expenditure 2007

Table 34.1: Adjusted estimates

Programme		2007/08					
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	502 110	14 000	–	(1 650)	21 189	33 539	535 649
2. Water Resources Management	2 430 032	300 000	161 920	(3 350)	14 160	472 730	2 902 762
3. Water Services	1 913 660	–	–	–	–	–	1 913 660
4. Forestry	460 545	–	–	5 000	44 897	49 897	510 442
Total	5 306 347	314 000	161 920	–	80 246	556 166	5 862 513
Economic classification							
Current payments	3 175 667	–	61 920	(358 559)	80 246	(216 393)	2 959 274
Compensation of employees	1 098 896	–	–	214 948	51 591	266 539	1 365 435
Goods and services	2 076 053	–	61 920	(573 507)	28 655	(482 932)	1 593 121
Interest and rent on land	718	–	–	–	–	–	718
Transfers and subsidies	2 030 204	314 000	100 000	(4 565)	–	409 435	2 439 639
Provinces and municipalities	550 000	–	100 000	72 027	–	172 027	722 027
Departmental agencies and accounts	1 347 839	300 000	–	(22 000)	–	278 000	1 625 839
Public corporations and private enterprises	103 632	–	–	(64 592)	–	(64 592)	39 040
Foreign governments and international organisations	525	–	–	–	–	–	525
Non-profit institutions	340	–	–	–	–	–	340
Households	27 868	14 000	–	10 000	–	24 000	51 868
Payments for capital assets	100 476	–	–	363 124	–	363 124	463 600
Buildings and other fixed structures	23 625	–	–	343 684	–	343 684	367 309
Machinery and equipment	74 352	–	–	(28 189)	–	(28 189)	46 163
Software and other intangible assets	2 499	–	–	47 629	–	47 629	50 128
Total	5 306 347	314 000	161 920	–	80 246	556 166	5 862 513

Details of adjustments to Estimates of National Expenditure 2007

Roll-overs – R314 million

Programme 1: Administration

R14 million has been rolled over for transferring staff to municipalities and water user associations.

Programme 2: Water Resources Management

R260 million has been rolled over for the construction of the De Hoop Dam (Olifants River Water Resource Development).

R40 million has been rolled over for the dam safety rehabilitation programme.

Unforeseeable and unavoidable expenditure – R161.92 million

Programme 2: Water Resources Management

R15.05 million has been allocated for flood damage. R32 million has been allocated for the Working for Water programme. R114.87 million has been allocated for drought relief.

Virements

Table 34.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(17 565)	15 915	
Current payments	(11 650)	–	
Compensation of employees	(3 787)	–	Incorrectly classified funds for leave gratuities have been shifted to households.
Goods and services	(7 863)	–	Savings due to reprioritising consultants, contractors and special services have been shifted to households in this programme (R2.863 million) and to compensation of employees (R1.063 million), goods and services (R3.837 million) and public corporations and private enterprises (R100 000) in programme 4.
Transfers and Subsidies	–	10 000	
Households	–	10 000	Funds shifted from compensation of employees (R3.787 million) and goods and services (R2.863 million) in this programme and from compensation of employees in programme 2 (R3.35 million) will be used for leave gratuities and severance and exit packages.
Payments for capital assets	(5 915)	5 915	
Buildings and other fixed structures	–	3 915	Incorrectly classified funds shifted from machinery and equipment will be used to buy video and audio conference equipment.
Machinery and equipment	(5 915)	–	Incorrectly classified funds have been shifted to buildings and other fixed structures (R3.915 million) and software and other intangible assets (R2 million).
Software and other intangible assets	–	2 000	Incorrectly classified funds shifted from machinery and equipment will be used for software licences.
2. Water Resources Management	(33 897)	30 547	
Current payments	(10 506)	27 407	
Compensation of employees	(10 506)	–	Savings due to unfilled posts in revenue management and financial management have been shifted to households in programme 1 (R3.35 million), and to goods and services (R6.873 million) and provinces and municipalities (R283 000) in this programme.
Goods and services	–	27 407	R6.873 million shifted from compensation of employees will be used for developing training material on water conservation and water demand management in the domestic sector. Incorrectly classified funds (R20.5 million) shifted from departmental agencies and accounts will be used to pay consultants, contractors and special services providers to the department. R34 000 shifted from machinery and equipment will be used for office maintenance.

Table 34.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
Transfers and Subsidies	(22 000)	1 783	
Provinces and municipalities	–	283	Funds have been shifted from compensation of employees for motor vehicle licenses.
Departmental agencies and accounts	(22 000)	–	Incorrectly classified funds have been shifted to goods and services (R20.5 million) and public corporations and private enterprises (R1.5 million).
Public corporations and private enterprises	–	1 500	Incorrectly classified funds shifted from departmental agencies and accounts will be used to make a transfer payment to the 4th World Environmental Congress.
Payments for capital assets	(1 391)	1 357	
Buildings and other fixed structures	–	1 357	Funds shifted from machinery and equipment (R831 000) and software and other intangible assets (R526 000) will be used to fund construction work on the Usuthu River.
Machinery and equipment	(865)	–	Savings due to the postponement of hardware requirements such as computers and scanners have been shifted to buildings and other fixed structures (R831 000) and goods and services (R34 000).
Software and other intangible assets	(526)	–	Savings due to postponed payment for WARMS software licences have been shifted to buildings and other fixed structures.
3. Water Services	(684 489)	684 489	
Current payments	(596 888)	228 178	
Compensation of employees	–	228 178	Incorrectly classified funds of R230.098 million have been shifted from goods and services (R188.407 million), buildings and other fixed structures (R20.322 million) and machinery and equipment (R21.369 million), and will be used to fill critical posts (R13.797 million) and pay salaries for operational staff (R214.381 million). Savings of R1.92 million due to unfilled posts have been shifted to software and other intangible assets.
Goods and services	(596 888)	–	Incorrectly classified funds have been shifted to: buildings and other fixed structures (R358.734 million), software and other intangible assets (R44.195 million), provinces and municipalities (R5.552 million) and compensation of employees (R188.407 million).
Transfers and Subsidies	(66 192)	71 744	
Provinces and municipalities	–	71 744	Funds shifted from public corporations and private enterprises (R66.192 million) and goods and services (R5.552 million) will be used for direct transfers to municipalities for the operation of water services schemes that have been transferred to municipalities.
Public corporations and private enterprises	(66 192)	–	Savings due to the discontinuation of direct subsidies to the water boards have been shifted to provinces and municipalities.
Payments for capital assets	(21 409)	384 567	
Buildings and other fixed structures	–	338 412	R358.743 million shifted from goods and services will be used for regional bulk infrastructure projects (R253.734 million) and water and sanitation backlogs in schools and clinics (R105 million). Savings of R20.322 million arose because water services schemes have been transferred to municipalities. The funds have been shifted to compensation of employees.
Machinery and equipment	(21 409)	–	Savings arose because water services schemes have been transferred to municipalities. The funds have been shifted to compensation of employees.
Software and other intangible assets	–	46 155	Funds shifted from goods and services (R44.195 million) and compensation of employees (R1.92 million) will be used for feasibility studies for bulk infrastructure projects.
4. Forestry	–	5 000	
Current payments	–	4 900	
Compensation of employees	–	1 063	Funds shifted from goods and services in programme 1 will be used for additional capacity to implement the Forestry BBBEE Charter.
Goods and services	–	3 837	Funds shifted from goods and services in programme 1 will be used to kick start the Million Trees programme.
Transfers and Subsidies	–	100	
Public corporations and private enterprises	–	100	Funds shifted from goods and services in programme 1 will be used to sponsor the 35th Annual International Forestry Students Symposium.
Total for Vote	(735 951)	735 951	

Other adjustments – R80.246 million

Salary adjustments

Programme 1: Administration

R21.439 million has been allocated for salary increases following the Public Service Bargaining Co-ordinating Council resolution.

Shifting of funds between votes

Programme 1: Administration

R250 000 has been transferred to the Government Communication and Information System for the mass communications campaign on second economy interventions.

Programme 2: Water Resources Management

R14 million has been transferred from the Department of Provincial and Local Government for the Working on Fire programme, for management and aerial fire-fighting.

Self-financing expenditure

Programme 2: Water Resource Management

R160 000 has been received as a donation from Anglo Alpha for the Vision 20/20 programme in Limpopo and will be used for activities such as the Youth Water Prize competition and water conservation and health and hygiene awareness programmes, including training teachers at local schools. The funds have been deposited into the National Revenue Fund.

Programme 4: Forestry

R44.897 million departmental revenue from forestry has been deposited into the National Revenue Fund following the closure of the industrial plantation trading account.

Expenditure 2006/07 and preliminary expenditure 2007/08

Table 34.3: Expenditure trends

Programme	2006/07 Expenditure outcome			2007/08 Preliminary expenditure			% change 06/07 - 07/08 Apr - Sep
	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	
R thousand							
1. Administration	509 670	229 146	537 173	105.4	535 649	262 687	14.6
2. Water Resources Management	2 237 267	742 899	1 872 480	83.7	2 902 762	1 015 672	36.7
3. Water Services	1 464 966	525 127	1 454 758	99.3	1 913 660	688 445	31.1
4. Forestry	448 400	209 728	441 240	98.4	510 442	207 501	(1.1)
Total	4 660 303	1 706 900	4 305 651	92.4	5 862 513	2 174 305	27.4
Current payments	2 765 189	1 146 066	2 820 134	102.0	2 959 274	1 213 405	5.9
Compensation of employees	1 281 231	534 976	1 226 412	95.7	1 365 435	587 462	9.8
Goods and services	1 482 257	609 931	1 582 432	106.8	1 593 121	624 451	2.4
Interest and rent on land	1 701	521	846	49.7	718	970	86.2
Financial transactions in assets and liabilities	–	638	10 444	–	–	522	(18.2)

Table 34.3: Expenditure trends (continued)

Programme	2006/07			2007/08			
	Expenditure outcome			Preliminary expenditure			
R thousand	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
Transfers and subsidies	1 640 117	465 078	1 385 314	84.5	2 439 639	897 003	92.9
Provinces and municipalities	501 711	99 624	386 679	77.1	722 027	269 554	170.6
Departmental agencies and accounts	1 002 069	319 251	827 376	82.6	1 625 839	585 155	83.3
Public corporations and private enterprises	102 234	20 980	121 705	119.0	39 040	29 484	40.5
Foreign governments and international organisations	3 500	–	3 500	100.0	525	6	(100.0)
Non-profit institutions	–	2	150	–	340	350	17 400.0
Households	30 603	25 221	45 904	150.0	51 868	12 454	(50.6)
Payments for capital assets	254 997	95 756	100 203	39.3	463 600	63 897	(33.3)
Buildings and other fixed structures	139 899	16 309	23 568	16.8	367 309	33 145	103.2
Machinery and equipment	98 723	66 270	65 275	66.1	46 163	23 790	(64.1)
Cultivated assets	–	85	–	–	–	52	(38.8)
Software and other intangible assets	16 375	13 092	11 360	69.4	50 128	6 910	(47.2)
Total	4 660 303	1 706 900	4 305 651	92.4	5 862 513	2 174 305	27.4

Selected expenditure trends for the first half of 2007/08

Expenditure in the first six months of 2007/08 was R2.174 billion, or 37.1 per cent of the adjusted appropriation of R5.863 billion for the year as a whole. Expenditure in the first six months of 2007/08 increased by 27.4 per cent compared to the same period of 2006/07.

The main increase compared to 2006/07 is related to the construction of the De Hoop dam financed through the Water Trading Account.

Expenditure in 2006/07 was 92.4 per cent of the adjusted appropriation for that year.

Changes to transfers and subsidies and conditional grants

Table 34.4: Summary of changes to transfers and subsidies per programme

R thousand	Main appropriation	2007/08 Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	578	14 000	–	10 000	–	24 000	24 578
Households							
Social benefits							
Current	–	14 000	–	10 000	–	24 000	24 000
Social Benefits	–	14 000	–	10 000	–	24 000	24 000
2. Water Resources Management	1 375 994	300 000	100 000	(20 217)	–	379 783	1 755 777
Provinces and municipalities							
Municipalities							
Municipalities							
Current	–	–	–	283	–	283	283
Motor vehicle licences	–	–	–	283	–	283	283
Capital	–	–	100 000	–	–	100 000	100 000
Municipal Drought Relief Grant	–	–	100 000	–	–	100 000	100 000
Departmental agencies and accounts							
Departmental agencies (non-business entities)							

Table 34.4: Summary of changes to transfers and subsidies per programme (continued)

		2007/08						
		Additional appropriation				Total	Adjusted appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	additional appropriation		
Current	292 212	-	-	(5 000)	-	(5 000)	287 212	
Water Trading Account (Augmentation)	288 553	-	-	(5 000)	-	(5 000)	283 553	
Capital	1 055 049	300 000	-	(17 000)	-	283 000	1 338 049	
Water Trading Account (Infrastructure)	1 055 049	300 000	-	(17 000)	-	283 000	1 338 049	
Public corporations and private enterprises								
Public corporations								
Other transfers								
Current	-	-	-	1 500	-	1 500	1 500	
Environmental Education Association of South Africa	-	-	-	1 500	-	1 500	1 500	
3. Water Services	653 632	-	-	5 552	-	5 552	659 184	
Provinces and municipalities								
Municipalities								
Municipalities								
Current	550 000	-	-	71 744	-	71 744	621 744	
Water Services Operating Subsidy Grant	550 000	-	-	71 744	-	71 744	621 744	
Public corporations and private enterprises								
Public corporations								
Subsidies on products and production								
Current	103 632	-	-	(66 192)	-	(66 192)	37 440	
Water Services Operating Subsidy Grant (Waterboards)	103 632	-	-	(66 192)	-	(66 192)	37 440	
4. Forestry	-	-	-	100	-	100	100	
Public corporations and private enterprises								
Public corporations								
Subsidies on products and production								
Current	-	-	-	100	-	100	100	
International Forestry Students Symposium	-	-	-	100	-	100	100	

Table 34.6: Summary of changes to conditional grants: Local Government (Municipalities) ¹

		2007/08						
		Additional appropriation				Total	Adjusted appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	additional appropriation		
3. Water Services								
Water Services Operating Subsidy Grant	550 000	-	-	71 744	-	71 744	621 744	

¹ Main appropriation detail provided in the Division of Revenue Act, 2007