

Vote 34

Water Affairs and Forestry

Adjusted budget summary

R thousand	2008/09			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	6 699 276	7 036 616	-	337 340
<i>of which:</i>				
Current payments	3 786 771	3 240 008	(546 763)	-
Transfers and subsidies	2 834 749	3 267 998	-	433 249
Payments for capital assets	77 756	528 610	-	450 854
Executive authority	Minister of Water Affairs and Forestry			
Accounting officer	Director-General 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 and sustainable social and economic development; to ensure the universal and efficient supply of water services at local level; and to promote the sustainable management of forests.

Mid-year performance status

Indicators	Annual performance	
	Projected for 2008/09 as published in the 2008 ENE	Achieved in the first six months of 2008/09 (April to September)
As published in the 2008 ENE		
Number of water management areas where monitoring frameworks and systems are operated	20	19
Number of water management areas in which compulsory licensing processes have been completed	2	0
Number of subsidies (financial and in kind) given to resource poor farmers	300	75
Number of hectares cleared of invasive alien plants species	218 000	35 165
Number of hectares cleared of invasive alien plant species in follow up clearance	632 000	171 535
Number of forest enterprise development projects initiated by the department	44	23
Number of hectares planted (afforestation)	5 000	104.9
Number of trees planted in terms of the Million Trees programme	1 million	356 131
Percentage of licence application processed in terms of National Forest Act	90%	90%
Number of additional people provided with basic water supply by water services authorities	1.56 million	517 923
Number of additional people provided with basic water sanitation by water services authorities	1.04 million	625 320
Percentage of population with access to free basic water	82%	85%

Compulsory licensing processes for the two water management areas are in progress: draft allocation plans and frameworks for water allocation have been finalised.

Despite delays in finalising the approach to supporting resource poor farmers, the target of 300 financial and in kind subsidies will be achieved by the end of the year.

Progress on both clearing and follow-up clearing of invasive alien plants species has been delayed by procurement processes in the first quarter and climactic conditions in the second quarter.

The major challenge for afforestation is that it entails a time consuming licensing process. The department is exploring various options to speed things up.

The department is responsible for support to local government to deliver basic water services. Achieving the target for the year is on track.

Adjusted Estimates of National Expenditure 2008

Table 34.1: Adjusted estimates

Programme	2008/09						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
1. Administration	586 696	-	-	-	4 990	4 990	591 686
2. Water Resources Management	3 238 399	269 000	17 280	-	3 433	289 713	3 528 112
3. Water Services	2 427 999	-	-	-	(4 155)	(4 155)	2 423 844
4. Forestry	446 182	-	-	-	46 792	46 792	492 974
Departmental Total	6 699 276	269 000	17 280	-	51 060	337 340	7 036 616
Economic classification							
Current payments	3 786 771	-	17 280	(158 103)	(405 940)	(546 763)	3 240 008
Compensation of employees	1 265 483	-	-	50 900	16 000	66 900	1 332 383
Goods and services	2 520 536	-	17 280	(208 993)	(421 940)	(613 653)	1 906 883
Interest and rent on land	752	-	-	(10)	-	(10)	742
Transfers and subsidies	2 834 749	269 000	-	154 249	10 000	433 249	3 267 998
Provinces and municipalities	861 467	9 000	-	124 249	-	133 249	994 716
Departmental agencies and accounts	1 936 898	260 000	-	-	-	260 000	2 196 898
Public corporations and private enterprises	2 700	-	-	-	-	-	2 700
Foreign governments and international organisations	572	-	-	-	-	-	572
Non-profit institutions	387	-	-	-	-	-	387
Households	32 725	-	-	30 000	10 000	40 000	72 725
Payments for capital assets	77 756	-	-	3 854	447 000	450 854	528 610
Buildings and other fixed structures	5 559	-	-	-	413 000	413 000	418 559
Machinery and equipment	56 282	-	-	2 760	-	2 760	59 042
Software and other intangible assets	15 915	-	-	1 094	34 000	35 094	51 009
Total	6 699 276	269 000	17 280	-	51 060	337 340	7 036 616

Details of adjustments to Estimates of National Expenditure 2008

Roll-over of funds – R269 million

Programme 2: Water Resource Management

R260 million has been rolled over for phase 2A of the construction of the De Hoop Dam.

R9 million has been rolled over for the municipal drought relief grant for Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga, and Western Cape.

Unforeseeable and unavoidable expenditure – R17.28 million

Programme 2: Water Resource Management

R9.68 million has been allocated for the Working for Water programme, and R7.6 million for Working on Fire.

Virements

Table 34.2: Virements

Programme / Economic classification	R thousand		Details and motivation
	From	To	
1. Administration	(20 250)	20 250	
Current payments	(20 250)	20 000	
Compensation of employees	-	20 000	R20 million from goods and services in this programme for interns
Goods and services	(20 250)	-	Interns appointed for establishing the learning academy rather than consultants: R20 million to compensation of employees in this programme R250 000 to machinery and equipment in this programme
Payments for capital assets	-	250	
Machinery and equipment	-	250	From goods and services in this programme for office furniture
2. Water Resources Management	(7 954)	7 954	
Current payments	(7 954)	6 770	
Compensation of employees	(7 944)	-	Due to restructuring, only critical posts could be filled: R6.77 million to goods and services in this programme, R1.094 million to software and other intangible assets in this programme, R80 000 to provinces and municipalities in this programme
Goods and services	-	6 770	R6.77 million from compensation of employees in this programme for the Zaragoza expo and the Water Wise campaign
Interest and rent on land	(10)	-	- To provinces and municipalities in this programme
Transfers and Subsidies	-	90	
Provinces and municipalities	-	90	R80 000 from compensation of employees in this programme R10 000 from interest and rent on land in this programme For motor vehicle licences
Payments for capital assets	-	1 094	
Software and other intangible assets	-	1 094	From compensation of employees in this programme for software licences and maintenance
3. Water Services	(195 513)	195 513	
Current payments	(195 513)	38 844	
Compensation of employees	-	38 844	From goods and services in this programme for salaries of staff not transferred to municipalities as anticipated
Goods and services	(195 513)	-	VAT savings due to shift of functions from water trading account to department: R38.844 million to compensation of employees in this programme R124.159 million to provinces and municipalities in this programme R30 million to households in this programme R2.51 million to machinery and equipment in this programme
Transfers and Subsidies	-	154 159	
Provinces and municipalities	-	124 159	From goods and services in this programme for escalating prices on refurbishment and maintenance schemes transferred to municipalities
Households	-	30 000	From goods and services in this programme for leave gratuities and severance packages for staff earmarked to be transferred
Payments for capital assets	-	2 510	
Machinery and equipment	-	2 510	From goods and services in this programme for office furniture and computer hardware
Total for Vote	(223 717)	223 717	

Other adjustments – R51.06 million**Funds shifted between votes or to follow the transfer of functions in terms of section 42 of the PFMA**

Programme 2: Water Resource Management

R3.433 million has been transferred from the Department of Arts and Culture for the Zaragoza Expo.

Funds shifted within a vote

Programme 1: Administration

R10 million has been shifted from compensation of employees to households. These funds were incorrectly classified in the 2008 ENE.

R447 million has been shifted from goods and services to buildings and other fixed structures and software and other intangible assets (R34 million). These funds were incorrectly classified in the 2008 ENE.

Programme 3: Water Services

R4.155 million has been shifted to programme 1. These funds were incorrectly classified in the 2008 ENE.

Self-financing expenditure

Programme 1: Administration

R835 000 has been received as donations from Eskom (R400 000), Rand Water (R350 000), Umgeni Water (R20 000) and the Trans-Caledon Tunnel Authority (R65 000) and will be used for the Women in Water awards. The funds have been surrendered into the National Revenue Fund.

Programme 4: Forestry

Departmental revenue of R46.972 million from forestry has been surrendered into the National Revenue Fund, following the closure of the industrial plantation trading account.

Expenditure 2007/08 and preliminary expenditure 2008/09**Table 34.3: Expenditure trends**

Programme	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 - Sep 07 % of adjusted appropriation	Apr 2007 - Mar 2008	Apr 07 - Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 - Sep 08 % of adjusted appropriation
1. Administration	535 649	262 687	49.0	601 719	112.3	591 686	299 867	50.7
2. Water Resources Management	2 902 762	1 015 672	35.0	2 465 674	84.9	3 528 112	1 480 892	42.0
3. Water Services	1 913 660	688 445	36.0	1 866 926	97.6	2 423 844	946 532	39.1
4. Forestry	510 442	207 501	40.7	451 077	88.4	492 974	257 804	52.3
Total	5 862 513	2 174 305	37.1	5 385 396	91.9	7 036 616	2 985 095	42.4
Economic classification								
Current payments	2 959 274	1 213 405	41.0	2 854 189	96.4	3 240 008	1 390 131	42.9
Compensation of employees	1 365 435	587 462	43.0	1 162 630	85.1	1 332 383	580 747	43.6
Goods and services	1 593 121	624 451	39.2	1 686 583	105.9	1 906 883	808 877	42.4
Interest and rent on land	718	970	135.1	1 278	178.0	742	111	15.0
Financial transactions in assets and liabilities	-	522	-	3 698	-	-	396	-

Table 34.3: Expenditure trends (continued)

Programme	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07- Sep 07 % of adjusted appropriation	Apr 2007- Mar 2008	Apr 07 - Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 - Sep 08 % of adjusted appropriation
Economic classification								
Transfers and subsidies	2 439 639	897 003	36.8	2 052 568	84.1	3 267 998	1 450 525	44.4
Provinces and municipalities	722 027	269 554	37.3	732 926	101.5	994 716	484 067	48.7
Departmental agencies and accounts	1 625 839	585 155	36.0	1 190 161	73.2	2 196 898	948 634	43.2
Public corporations and private enterprises	39 040	29 484	75.5	41 737	106.9	2 700	75	2.8
Foreign governments and international organisations	525	6	1.1	510	97.1	572	-	-
Non-profit institutions	340	350	102.9	350	102.9	387	377	97.4
Households	51 868	12 454	24.0	86 884	167.5	72 725	17 372	23.9
Payments for capital assets	463 600	63 897	13.8	478 639	103.2	528 610	144 439	27.3
Buildings and other fixed structures	367 309	33 145	9.0	330 957	90.1	418 559	102 436	24.5
Machinery and equipment	46 163	23 790	51.5	44 475	96.3	59 042	35 561	60.2
Biological and cultivated assets	-	52	-	165	-	-	407	-
Software and other intangible assets	50 128	6 910	13.8	103 042	205.6	51 009	6 035	11.8
					-			
Total	5 862 513	2 174 305	37.1	5 385 396	91.9	7 036 616	2 985 095	42.4

Expenditure in the first six months of 2008/09 was R2.985 billion, or 42.4 per cent of the adjusted appropriation of R7.037 billion for the year as a whole. Expenditure in the first six months of 2008/09 increased by R810.6 million, or 37.3 per cent compared to spending in the first six months of 2007/08.

The main increases compared to 2007/08 are related to transfer payments to the Water Trading Account in respect of De Hoop Dam and to the Komati Basin Water Authority (KOBWA). The refurbishment of water schemes has also resulted in increased expenditure.

Expenditure for 2007/08 was 91.9 per cent of the adjusted appropriation for that year.

Departmental receipts

Table 34.4: Receipts

R thousand	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr 08 - Sep 08	% of Adjusted estimate
Departmental receipts				
Sales of goods and services other than capital assets	40 087	40 087	27 260	68.0
Interest, dividends and rent on land	27 544	27 544	6 012	21.8
Financial transactions in assets and liabilities	24 400	24 400	13 408	55.0
Total	92 031	92 031	46 680	50.7

Actual departmental revenue collections for the first six months of 2008/09 were R46.7 million or 50.7 per cent of the adjusted estimate of R92 million.

Changes to transfers and subsidies, and conditional grants

Table 34.5: Summary of changes to transfers and subsidies per programme

		2008/09					
		Additional Appropriation				Total additional appropriation	Adjusted appropriation
R thousands	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements	Other adjustments		
1. Administration	1 055	-	-	-	10 000	10 000	11 055
Households							
Social benefits							
Current	-	-	-	-	10 000	10 000	10 000
Leave gratuity	-	-	-	-	10 000	10 000	10 000
2. Water Resources Management	1 969 527	269 000	-	90	-	269 090	2 238 617
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	9 000	-	90	-	9 090	9 090
Municipal Drought Relieve grant	-	9 000	-	-	-	9 000	9 000
Motor vehicle licences	-	-	-	90	-	90	90
Departmental agencies and accounts							
Departmental agencies and accounts (non-business entities)							
Capital	1 615 622	260 000	-	-	-	260 000	1 875 622
Water Trading Account (Infrastructure)	1 615 622	260 000	-	-	-	260 000	1 875 622
3. Water Services	861 467	-	-	154 159	-	154 159	1 015 626
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	861 467	-	-	124 159	-	124 159	985 626
Water services operating subsidy grant	861 467	-	-	124 159	-	124 159	985 626
Households							
Social benefits							
Current	-	-	-	30 000	-	30 000	30 000
Leave gratuity	-	-	-	30 000	-	30 000	30 000

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

		2008/09					
		Additional appropriation				Total additional appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
3. Water Services							
Water services operating subsidy grant	861 467	-	-	124 159	-	124 159	985 626
2. Water Resources Management							
Municipal drought relief grant	-	9 000	-	-	-	9 000	9 000

¹ Main appropriation detail provided in the Division of Revenue Act, 2008