

South African
Weather Service

ANNUAL REPORT 2003/2004

1 April 2003 to 31 March 2004

VISION

To strive to be a world-class meteorological organisation that contributes to the sustainable development of South Africa and beyond.

MISSION

Our mission is to collect and process data and provide meteorological and climatological products and services for the public good and commercial use of all South Africans and beyond.

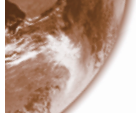
This will be achieved through:

Cutting edge technology
Research aimed at improving our products and services
Leveraging ownership of the observation network
Access to the international observation network

VALUES

Our mission will be realised by visionary leadership and competent staff who embody the following values:

Professionalism, Integrity, Honesty, Respect, Excellence
Teamwork and partnership, Recognition of excellence in performance



ANNUAL REPORT 2003/2004



THE MEANING OF THE LOGO

The South African Weather Service logo portrays the fresh, dynamic identity of our organisation in our quest to excel.

The logo represents movement of weather systems as well as dynamic progress within the organisation.

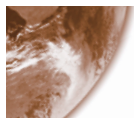
The red-brown line represents the earth from which all growth and life originates.

The green line symbolises sustainability and life.

The dark blue line represents the atmosphere which indicates our core business.

The light blue line represents water – our main source of life.

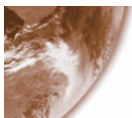
The yellow circle represents the African sun.



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PART 1 GENERAL

MESSAGE FROM THE DEPUTY MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM

The annual report of the South African Weather Service for the report period 2003/2004 reflects the way in which the organisation has gained further recognition in the international arena while simultaneously retaining relevance domestically.

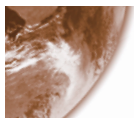
Southern Africa was hard hit by a drought during the summer of 2003/2004 and the South African Weather Service played a key role in the Cabinet's comprehensive response; the government provided financial intervention amounting to R500 million to mitigate the devastation brought about by the drought conditions.

Apart from assisting in matters of crucial national concern, the South African Weather Service has worked undeviatingly towards its goal of becoming a relevant commercial role player in the market, and towards mounting research programmes to improve its products and operational efficiency.

Internationally the South African Weather Service made its mark by being elected once again to the Executive Council of the World Meteorological Organization (WMO) and participating at ministerial level at the plenary meeting of the WMO Congress. The opportunity to participate as Deputy Minister provided me with a personal opportunity to meet with the outgoing Secretary-General of the WMO, Prof GOP Obasi, and to convey the South African Government's good wishes on his retirement.

The South African Weather Service has managed to achieve another unqualified audit report for this report period and I wish to congratulate its Board and executive management on this truly great achievement.

Rejoice Mabudafhasi
Deputy Minister: Environmental Affairs and Tourism



PART 1

GENERAL

FOREWORD BY THE CHAIRPERSON OF THE BOARD OF THE SOUTH AFRICAN WEATHER SERVICE

Meteorological and climatological services rendered by organisations such as the South African Weather Service help to mitigate the impact of natural phenomena such as storms, droughts and other extreme weather-related events that threaten human safety and lives. In order to safeguard human life and contribute to the vibrancy of the national economy, the South African Weather Service must provide warnings, forecasts and other information in a timely, reliable and comprehensive manner.

In our country, weather information plays a vital role in the decision-making processes of many weather-sensitive sectors such as disaster management and agricultural, transportation, construction, recreation, maritime, health and aviation activities as well as small-scale farming in rural communities.

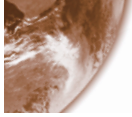
The 2003/2004 financial year focused on the strengthening of corporate governance in the South African Weather Service. One of the aims of the Board was to consolidate the management of the organisation, and this was greatly enhanced with the appointment of the Chief Financial Officer in June 2003.

A policy process was devised and implemented to achieve stability in the organisation. Several new policies were approved by the Board and put into practice, thereby departing from the period in which the South African Weather Service was subject to the policies of the Department of Environmental Affairs and Tourism (DEAT). This means that a foundation for accelerated growth has been set.

The Board looks forward to carrying the organisation to greater heights during the next financial year, by building on the foundations that have been established during this financial year.

The Annual Report of the South African Weather Service, established in terms of Act no. 8 of 2001, is hereby submitted to the Minister of Environmental Affairs and Tourism for tabling in Parliament.

Sizeka Rensburg
Chairperson: Board of the South African Weather Service



PART 1

GENERAL

INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER

The South African Weather Service, as a parastatal of the DEAT, is committed to the promotion of sustainable development, the conservation of our natural resources and the protection and improvement of the quality and safety of the environment. It is furthermore committed to the transformation goals of the Government in order to provide high quality services to all South Africans.

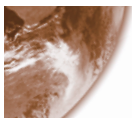
During the reporting period, the South African Weather Service developed a strategic approach to the achievement of its vision and mission, and outlined programmes and projects to reach this goal. Five strategic programmes were identified and incorporated into the 2003/2004 business plan of the South African Weather Service. This report reflects the extent to which the South African Weather Service managed to fulfill its vision and mission by implementing the relevant programmes in its key performance areas.

The South African Weather Service managed to achieve financial stability during the reporting period, and also to implement new business processes, thus consolidating its position in the Southern African Development Community (SADC) and internationally in the World Meteorological Organization (WMO). Continued delivery of quality products and services was a highlight of this financial year.

A foundation has been laid for future growth of the organisation and we are indeed proud of our second unqualified audit in a row. We are excited about the prospects of this organisation and the challenges that remain.

The move of the South African Weather Service to its new premises in Erasmusrand has proved to be a welcome injection of renewal into the organisation. The open-plan nature of the building reflects the foundation of a new organisational culture of transparency, openness and a spirit of cooperation among all staff members.

Jerry Lengoasa
Chief Executive Officer



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME ONE: CORPORATE GOVERNANCE

The aim of this programme was to procure, manage and leverage the resources of the South African Weather Service in an effective and efficient manner, ensuring compliance with the relevant legislation and generally accepted corporate governance principles.

Steps were taken to ensure efficient and sound financial management and investment in line with the Public Finance Management Act (PFMA); to establish and implement good governance; and to further develop organisational capability and human resources.

Corporate Governance included the following programmes: Executive Management Office (including the Board), Human Resources, Finance Management, Administration, Information Technology Services and Project Management.

1. EXECUTIVE MANAGEMENT OFFICE

1.1 The Board and its Committees

The Board consisted of the following members:

Ms Sizeka Monica Rensburg (Chairperson)
Mr Ratlaleng Desmond Jeremiah Lengoasa (Chief Executive Officer)
Prof Geoff Brian Brundrit
Mr Leslie Maasdorp
Mr Prince Maluleke
Dr Joseph Matjila (DEAT representative)
Ms Nomboniso Patricia Maqubela
Ms Lindiwe Sangweni-Siddo
Prof Derrick Ian Swartz

The following committees were operational:

Executive Committee (EXCO)
Finance and Commercial
Human Resources and Remuneration
Risk and Audit
Programmes

1.2 Internal Audit

PriceWaterhouseCoopers was appointed as internal auditor and the required tasks were performed and

completed. Certain issues were identified and the South African Weather Service is still in the process of addressing them. A multi-year internal audit contract is envisaged for the future.

1.3 Organisational Development

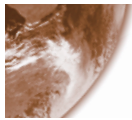
A new organisational structure was developed which is reflected in Figure 1. This structure is supported by the value chain in the organisation depicted in Figure 2 on page 10.

1.4 Corporate Strategy Planning

A corporate strategy was developed during the year and a booklet was issued which reflects the way forward for the organisation. The strategic intent of the organisation is defined as achieving equilibrium between social responsibility objectives (public good and international obligations); financial and business objectives (commercial service); the status and expansion of infrastructure to support service delivery (infrastructure); internal business process objectives; and learning and growth objectives.

1.5 International Liaison

Represented by the Chief Executive Officer of the South African Weather Service, South Africa was re-elected to the Executive Council of the WMO at its 55th session.



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME ONE: CORPORATE GOVERNANCE

FIGURE 1. ORGANISATIONAL STRUCTURE

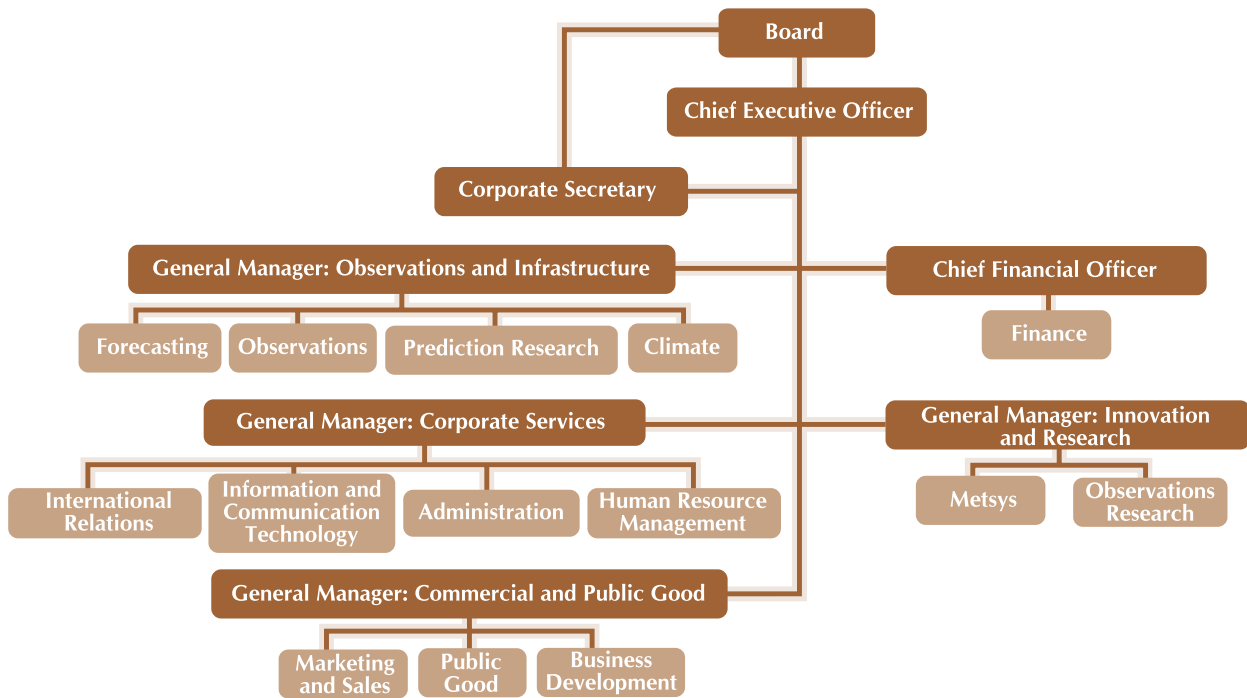
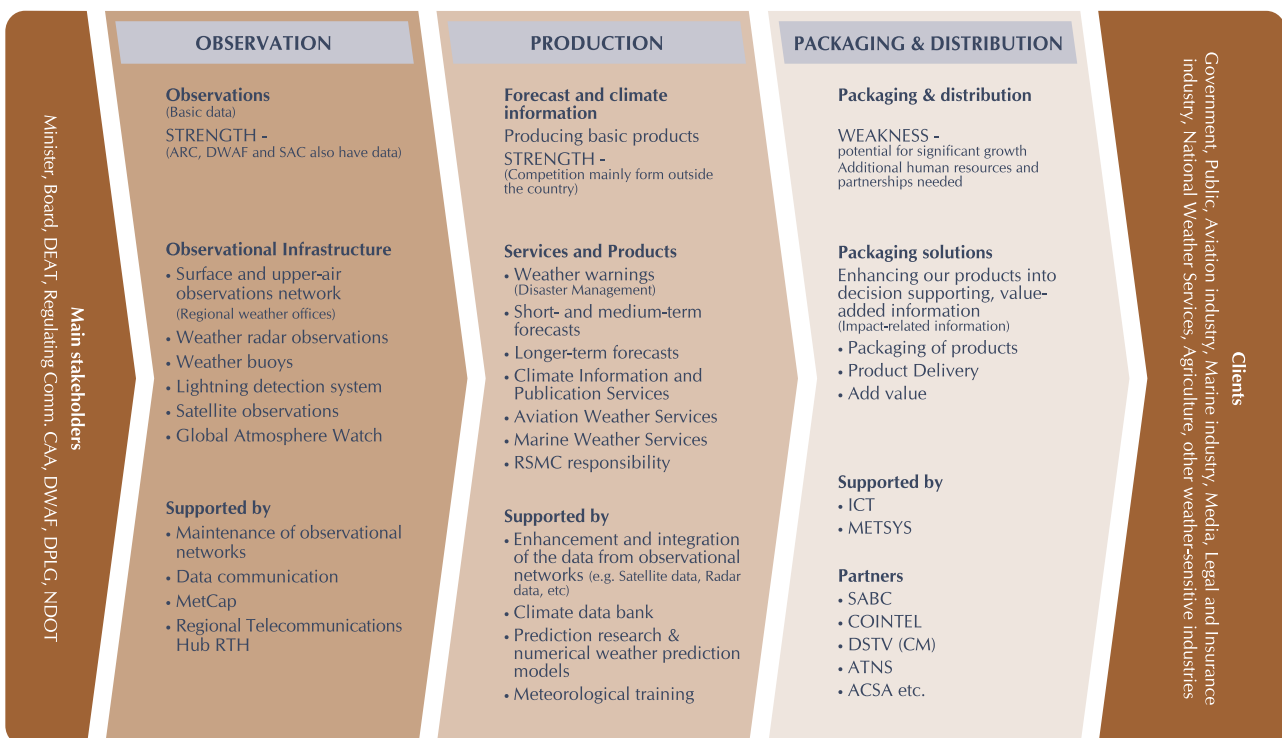
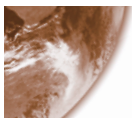


FIGURE 2. VALUE CHAIN





PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME ONE: CORPORATE GOVERNANCE

2. HUMAN RESOURCES

2.1 Workforce Profile as on 31 March 2004

Occupational category	Black male	Black female	White male	White female	Coloured male	Coloured female	Indian male	Indian female	Total
Legislators senior officials and managers	3	1	4	0	-	-	-	-	8
Professionals	37	13	58	15	3	1	2	-	129
Technicians and associate professionals	49	11	26	17	17	2	3	3	128
Clerks	11	17	5	16	2	2	-	2	55
Plant machine operators and assemblers	1	-	1	-	1	-	-	-	3
Elementary occupations	20	5	-	-	6	1	-	-	32
TOTAL	121	47	94	48	29	6	5	5	355

2.2 Performance Management System

Preparing for the future is about investing in competence. Research was therefore done regarding a new Performance Management System. It was decided that the South African Weather Service would invest in a Balanced Scorecard system as a method to measure performance. The implementation of scorecards is a major corporate change intervention. The scorecard is built on the following 6 perspectives: financial, customer, internal business, learning, growth & development, and human relations. Strategic business plans will be converted into balanced scorecards. A Performance Management System policy was drafted and submitted to Management. Board approval is pending.

2.3 Human Resource Policies, Procedures and Service Benefits

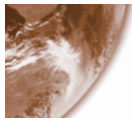
Policies on the following service benefits came into effect on 1 August 2003:

- medical assistance
- service bonus
- overtime remuneration
- resettlement
- recognition of long service
- leave

Amendments to the Rules of the Government Employees Pension Fund (GEPF) were published in Government Gazette No. 25247 in August 2003. Major changes were made with respect to the spouse's pension, funeral benefits, orphans' pension and the inclusion of 'life partners' under 'spouse'.

2.4 Employment Equity, Recruitment and Retention of Skills

Employment Equity is a comprehensive planning process adopted by the employer to identify and eliminate discrimination in the organisation's procedures and policies:



PART 2

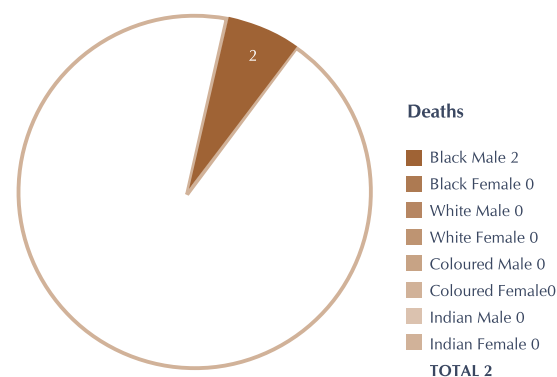
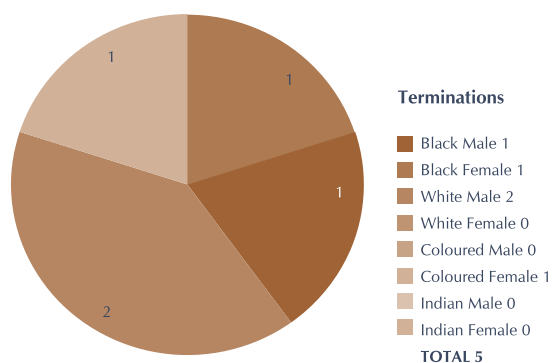
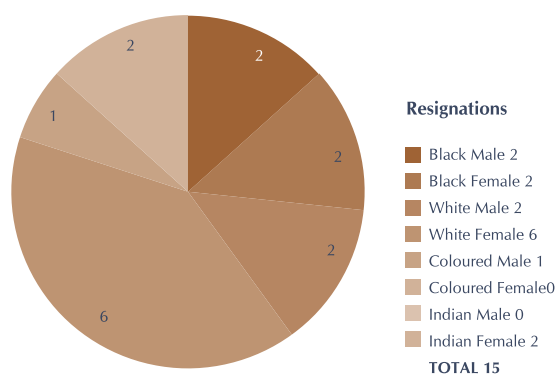
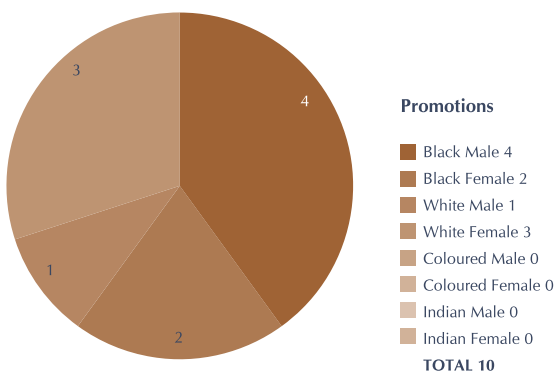
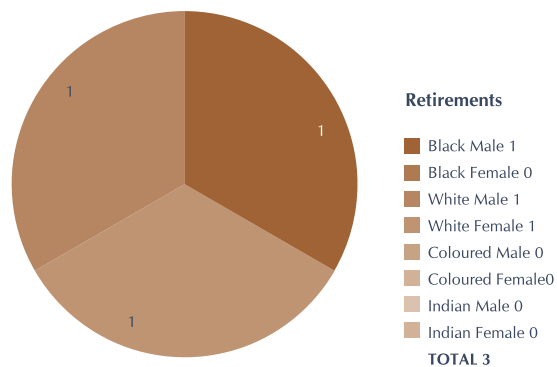
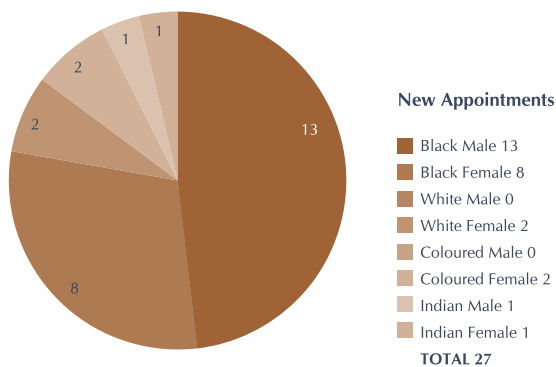
ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

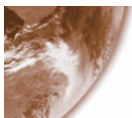
PROGRAMME ONE: CORPORATE GOVERNANCE

As a result of apartheid and other discriminatory laws and practices, there are inequalities in employment, occupation and income within the workplace. Those inequalities create pronounced disadvantages for certain categories of people that cannot be redressed simply by repealing discriminatory laws.

The intention of the Employment Equity programme is to establish norms, measures and guidelines regarding recruitment in order to ensure an effective recruitment programme.

Recruitment is not only one of the most important ways in which the organisation meets its human capacity requirements, it is also one of the prime instruments for achieving Employment Equity. In establishing a recruitment policy, a human resource plan must be established, and time frames, cost and staff requirements and employment standards must be determined and validated.





PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME ONE: CORPORATE GOVERNANCE

2.5 Employee Assistance Programme

The Independent Counselling and Advisory Services (ICAS) provided the South African Weather Service with an "Employee Assistance Programme" from 1 August 2003. 40% of staff utilised this programme. 94% of cases were self-referred, which indicates that staff felt comfortable and confident about using the service. The most utilised service was telephone counselling, followed by a much lower percentage of face-to-face counselling with ICAS affiliate therapists. Managerial consultancy has been under-utilised.

2.6 Induction and Orientation Programme

Planned for introduction in the 2004/2005 financial year.

2.7 Employment / Industrial Relations

Bargaining Forum

The Bargaining Forum, in which the employer and organised labour consult and conclude collective agreements, has made tremendous progress during this financial year. This may be seen by the resolutions reached and signed in the Forum. The following two resolutions were successfully negotiated and signed by the Forum:

- Resolution 1 of 2003 - Annual wage increase 2003/2004
- Resolution 2 of 2003 - Regulation of working time

New policies for the Weather Service were finalised, replacing the policies inherited from the Department of Environmental Affairs and Tourism. The following policies were tabled and approved by the Board in July 2003 and were effected from 1 August 2003:

Policy on Appointment to Acting Positions	Policy on Overtime Remuneration
Leave Policy	Policy on Outside Remunerative Work
Disciplinary Policy and Procedure	Policy on Resettlement
Grievance Policy and Procedure	Smoking Control Policy
Human Resource Provisioning	Policy on Medical Assistance
Policy on Recognition of Long Service	Skills Development Policy

All resolutions concluded by the Bargaining Forum were implemented.

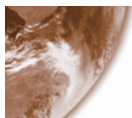
2.8 Disciplinary Inquiries and Grievances

Disciplinary inquiries dealt with matters concerning racism, sexual harassment, misuse of Weather Service vehicles, insubordination, bringing the organisation into disrepute, abuse of sick leave, and use of abusive language. 70% of the cases have been resolved and the others are still being investigated and will be concluded shortly. Grievances that were brought to the attention of the Weather Service were resolved; two outstanding grievances have yet to be finalised.

2.9 Commission for Conciliation, Mediation and Arbitration disputes

A total of 10 disputes were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA).

These disputes concerned unfair dismissal, unfair labour practice and unfair demotion. Seven of these cases were resolved and three are awaiting arbitration by the CCMA.



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME ONE: CORPORATE GOVERNANCE

3. FINANCE MANAGEMENT

Finance management included financial management and auditing, the budget process, revenue management, expenditure management, asset management, cash management, debtors management, liability management, commitments management, losses and claims management and donor funding. More details on finance management can be found in Part 3 of this report.

4. ADMINISTRATION

4.1 Procurement and Tenders

A total of 1 741 orders, amounting to R117 963 981, were placed. Ten tenders were advertised and contracts concluded. Tenders included inter alia local work stations (R1 889 123), a local area network (R522 198), a PABX telephone system (R476 151), the upgrading of the wide-area network, an access control system for the new Weather Service Head Office building in Erasmusrand, and the purchase of radiosondes (R5 500 000) and weather balloons (R714 000).

4.2 Office Support

Forty five new agreements for office accommodation and services were finalised. The responsibility of paying for office accommodation was taken over from the Department of Public Works on 1 August 2003. Building management meetings dealing with accommodation, safety and security and occupational health and safety matters, commenced in April 2003.

5. INFORMATION AND COMMUNICATION TECHNOLOGY

A new Information and Communication Technology (ICT) policy was approved by the Board and the local area network at the new Weather Service Headquarters at Bolepi House, Erasmusrand, was upgraded. Critical operational systems were migrated to IBM servers and Internet lines were upgraded to 256 Kbps.

The new MetCap data capturing system was developed and implemented and the wide area network upgraded by implementing Channel E1 technology.

A facsimile server was implemented in March 2004, in order to centralise and standardise all faxes from the Weather Service.

6. PROJECT MANAGEMENT

6.1 Feasibility study and rollout: Project Management Methodology

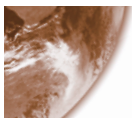
Work relating to the feasibility study and rollout of project management technology was placed on hold due to financial constraints throughout most of the year.

6.2 Monitoring and co-ordination of project implementation / Communication and publication of project management news

After nearly 40 years' of "temporary" residence in the Forum Building, Pretoria city centre, the South African Weather Service relocated to new premises in Erasmusrand, Pretoria in May 2003. The Project Office coordinated the task of relocating the organisation and ensured that regular updates on progress were communicated to all staff members.



New Head Office Building, Erasmusrand



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME TWO: INTERNATIONAL LIAISON

The aim of the international liaison programme was to play an active role in improving the organisation's relationship with international communities.

The organisation took a lead in trend setting and best practice in the area of meteorological and commercial services provided to other African countries in the context of the New Partnership for Africa's Development (NEPAD).

International Liaison included WMO administration, NEPAD and SADC Subcommittee on Meteorology (SCOM), the servicing of international markets, the meeting of international obligations such as the Regional Specialised Meteorological Centre (RSMC) to handle forecasting products for the SADC Weather Services, and the meeting of international communications obligations as the Regional Telecommunications Hub (RTH) for global weather information.

Represented by the Chief Executive Officer (CEO) of the South African Weather Service, South Africa was re-elected to the Executive Council of the WMO at its 55th session. The CEO undertook a study tour to the WMO Headquarters in Geneva, Switzerland during April 2003, and met all the key personnel in the WMO. His visit to both the former and current Secretary-Generals included discussions on expectations of the WMO for the South African Weather Service, as well as the maintenance and improvement of support to the regional National Weather Services.

The Secretary-General commented favourably on the enormous amount of work accomplished and the role which the South African Weather Service had played in the region. The discussions included the question of WMO capacity building, particularly for younger meteorologists in Africa.

The International Relations and Project Offices assisted in the hosting of three important international events in South Africa, namely:

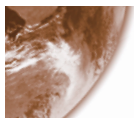
- AMDAR Workshop (15 - 17 October 2003, Benoni) which dealt with the promotion of weather observation instrumentation aboard aircraft in the country and the region. These observations would be used for augmenting the upper-air database and improving the quality of weather forecasts for the aviation industry and the general public.

- The Global Ocean Observing System (GOOS) - Africa Workshop (27 - 30 October 2003, Benoni) dealt with the mobilisation of resources for an ambitious African Ocean Observations Network for the benefit of the maritime industry, and related environmental matters.
- The Hydrology Workshop of the WMO (13 - 15 November 2003, Centurion) was held to review progress on regional flood management projects and for hydrologist experts from all over the world to discuss and finalise, pending WMO reports.

On World Meteorological Day (23 March 2004), the South African Weather Service donated some of its excess barometers to counterparts in Mozambique. This was in line with the programme for regional collaboration and enhancement of observational infrastructure. Improved observations in Mozambique and other surrounding countries will not only benefit those countries but also support the Weather Service's forecasting capabilities.

A number of Weather Service personnel attended WMO-funded training workshops and expert meetings abroad. The younger personnel (in line with the organisation's transformation objectives) were exposed to international colleagues and their work. Expert staff also attended a number of international meetings, where they contributed to the work of the WMO and its various commissions. The Weather Service received a number of international guests and experts. These visits encouraged international collaboration, joint projects and the periodic exchange of personnel aimed at improving knowledge and enhancing capacity building between the parties.

The Regional SADC SCOM meeting was held in Botswana in March 2004. The discussions included the development of a regional infrastructure network and collaboration. The Weather Service and other National Weather Services were tasked to provide a concept paper on this regional collaboration. Progress is being made and various bilateral meetings are being held with the counterparts involved, and the recommendations will be presented for adoption at the following SCOM meeting.



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME TWO: INTERNATIONAL LIAISON

The South African Weather Service's international activities during the reporting period included rainfall enhancement activities in the United Arab Emirates, the installation of Automatic Weather Stations in Lesotho and Namibia and radar collaboration work in Botswana and Mozambique.

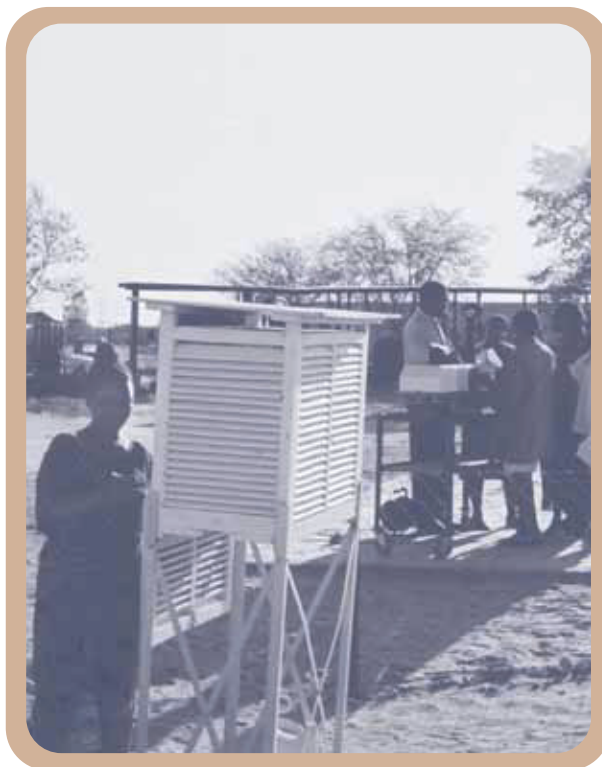
The Weather Service also participated in the conceptualisation of the WMO's African Joint Procurement Project in November 2003. The project aims to reduce the costs of purchasing meteorological equipment and consumables from international suppliers, by buying in bulk as a collective. This project will also look at the procurement of services (e.g. calibration and repair work to instruments) from within Africa. It is thought that this project will reduce the costs to African National Weather Services, enhance observations and consequently improve the quality of forecasting products and services.

Following a weather radar survey done for the WMO in Mozambique in 2002 by the South African Weather Service, Mozambique will shortly receive two new Gamatronik radars. Technologists from the South African Weather Service were requested to accompany their Mozambican counterparts for training in Germany in order to assist with future maintenance of these radars. South Africa was selected as a test site for the dissemination of data from the Meteosat 8 satellite and was contracted to be part of the training in the use of the new generation satellite course for Africa. Three trainers were selected to undergo training in the use of the products of the new satellite, after which they will train other users in the SADC.

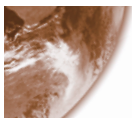
All important greenhouse gas datasets of the Global Atmosphere Watch programme, especially those from the Cape Point Global Station were maintained and accepted at World Data Centres for 2003. Weather Service personnel assisted in the establishment of an Ozone Monitoring Station in Maun, Botswana, where a Dobson Spectrophotometer was installed on 16 September 2003, commemorating World Ozone Day.

The South African Weather Service was approached to accept visiting scientists for forecaster upgrading training courses. Namibian scientists visited the Weather Service in May 2003 while other scheduled visits were postponed.

Plans were developed to form a comprehensive training institute with international relevance, which will include meteorological as well as other relevant organisational training.



A Botswana Weather Observer at Maun, where the Dobson Spectrophotometer was installed on World Ozone Day



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME THREE: RESEARCH AND DEVELOPMENT

The aim of the research and development programme was to maintain and improve existing partnerships with institutions of higher learning and to forge new partnerships. Steps were taken to mount research programmes that will improve products and service offerings as well as the operational efficiency of the South African Weather Service.

Research and development programmes included prediction research and development, research on remote sensing systems, Global Atmosphere Watch, the development of computer programmes for weather forecasts, climate database applications, observational and communication-related programmes and systems in conjunction with the ICT component of Corporate Governance.

1. PREDICTION RESEARCH AND DEVELOPMENT

In addition to output from a variety of general circulation models, statistical forecasting techniques were used as input to produce operational seasonal forecasts for Southern Africa every month. A verification system to determine the accuracy of the consensus probability forecasts was implemented and has been available for operational probability forecasts from 1998 to the present.

The Global Forecasting Centre for Southern Africa (GFCSA) was established in 2003 to operate and maintain an operational long-range forecasting system (from 30 days up to 2 years) for the globe. Currently the GFCSA consists of three institutions in South Africa, namely the long-range forecasting groups of the University of Pretoria, the South African Weather Service and the University of Cape Town.

Short-term forecast methodology was enhanced by the development of specialised products from an ensemble of model outputs received daily from international global models. These products gave guidance on weather patterns up to 14 days in advance and assisted the forecasters to advise the public on adverse weather conditions days in advance.

In terms of numerical prediction models, the quality of forecasts from the regional Eta model running on the Cray SV1 supercomputer and used daily by forecasters, was enhanced by increasing its resolution from 48 km in the horizontal and 38 layers in the vertical, to 32 km and 45 layers. This large increase in accuracy stands to benefit operational weather forecasts to the general public, aviation and maritime communities. This product was also used to provide vital atmospheric forecasts for various clients such as the Southern African Large Telescope (SALT) project at Sutherland. Automatic observations from aircraft (AMDAR), having the potential to alleviate the scarcity of upper-air data over Southern Africa, were tested and found to have a small but positive impact on the Eta model forecasts.

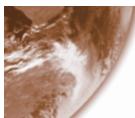
2. REMOTE SENSING SYSTEMS

2.1 New METEOSAT Second Generation Geostationary Satellite

South Africa was selected as a test site for the dissemination of data from Meteosat 8. A satellite dish for the reception of the new Meteosat Second Generation (MSG) Geostationary Satellite was donated by Eumetsat and has, since December 2003, provided considerably more detailed imagery and more frequent updates.

2.2 Radar Maintenance and Preparations

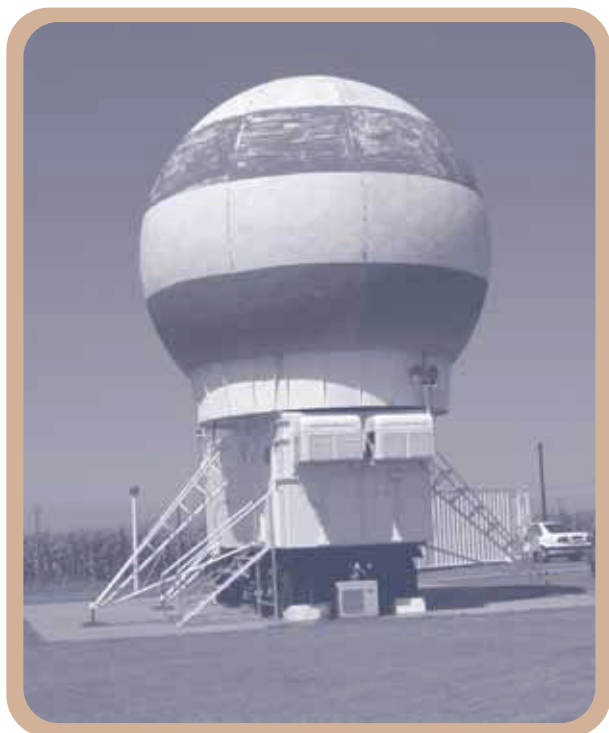
The annual maintenance of all 11 radars in South Africa was finalised by January 2004. Innovative radar inter-network calibration and enhancement continued on a budget 90% below the universal norm for radar maintenance. The East London, Polokwane and Ermelo radars were provided with more efficient uninterruptible power supply (UPS) equipment, as well as simplified, cost-saving operating consoles. Preparations for the installation of a radar in Umtata continued, utilising Poverty Relief funds. The operational radar will provide full coverage to the Eastern Cape area and warnings of severe thunderstorms and tornadoes.



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME THREE: RESEARCH AND DEVELOPMENT



Radars are used to detect rainfall intensity

- **Glidersonde / Powersonde Project**

A single multipurpose logger was developed to fit inside relatively small planes.

3. GLOBAL ATMOSPHERE WATCH

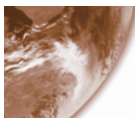
All important greenhouse gas datasets of the Global Atmosphere Watch programme were maintained and accepted at World Data Centres for 2003. Weather Service personnel assisted in the establishment of an Ozone Monitoring Station in Maun, Botswana, where a Dobson Spectrophotometer was installed on 16 September 2003, commemorating World Ozone Day.

4. CLIMATE DATABASE APPLICATIONS

The Meteorological Data Capturing System (MetCap), designed by the South African Weather Service, was implemented at all regional forecasting and climate offices. The system improves the capturing and quality control of real-time and climatological data.

5. CLIMATE SYSTEMS

A new method was implemented to store data and maps using digital photography of documents and storing them on CD-ROM. The Norwegian Government continued to support the upgrading of the climate database and provided additional funding for the project to increase climate monitoring in the Southern Atlantic Ocean, as well as the inclusion of Weather Service aircraft in pollution monitoring over South Africa.



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME FOUR: COMMERCIAL AND SERVICE DELIVERY

The aim of the programme for Commercial and Service Delivery was to generate revenue streams that will ensure the sustainability of the South African Weather Service. New sector specific products were developed to attract new customers. Further steps were taken to reduce the impact of adverse weather conditions on vulnerable communities in partnership with other stakeholders.

Commercial and Service Delivery programmes included the meteorological training of forecasters and observers and other specialist training; meeting financial targets by concluding business agreements with existing clients and the development of a commercial strategy, through a commercial implementation plan; business process re-engineering in terms of the aircraft facility, upper-air observation programme and assembly of Automatic Weather Stations; the creation of new markets; the delivery of general forecasting services; data bank management; and the maintenance of electronic instrumentation.

COMMERCIAL SERVICES

1. METEOROLOGICAL TRAINING OF FORECASTERS AND OBSERVERS AND OTHER SPECIALIST TRAINING

Five bursaries were awarded to students to undergo the Observer Course. No suitable private students applied for admission to the course. All five students successfully completed the course and were appointed in appropriate posts.

Although no bursaries were advertised for the BSc bridging course due to financial constraints, the course continued with two Tanzanian and one private student. It was also the first time that this course was offered telematically (distance learning). Two Lesotho students and three Weather Service personnel registered for the telematic courses. One of them was a weather observer who completed his BSc degree and wished to continue to qualify as a forecaster. Most students completed the courses and will continue in 2004 to register for the BSc Honours Degree in forecasting. As the Technikon course was in the process of being phased out, only the

Higher Diploma course was offered. One student passed the Higher Diploma course and was appointed as a forecaster in Bloemfontein.

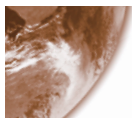
Twelve bursaries were awarded to BSc students for a BSc Honours Degree in Meteorology. These courses are done in partnership with different universities. Six of these students were admitted to the forecasting course. They were joined by four Tanzanian students. Of the other bursary holders, two took the numerical weather forecasting course, one the research course specialising in radar meteorology, and three did the climatological course. Three of the forecasting students unfortunately failed critical courses and could not continue with the forecasting course. They changed to other courses. All but two of the forecasting students passed and were appointed. All the research students (except those who changed specialisation fields) completed their degrees.

The continuous training programmes progressed slowly due to financial constraints. Weather observers who failed certain subjects of their courses were provided with an opportunity to rewrite, and most of them passed. Three weather observers were re-trained in Pretoria. One observer completed his re-assessment successfully and was redeployed at his station. The two training personnel involved in observer's training were also assessed and one person passed. The meteorological training for the island teams (Marion and Gough) continued as usual.

A questionnaire about the training and library facilities within the African region was compiled. A database with the relevant information was completed. Because of problems at the WMO website, the database was envisaged to become active on the website of the South African Weather Service.

The South African Weather Service was also approached to accept visiting scientists for forecaster upgrading courses. Namibian scientists visited the Weather Service in May 2003 while other scheduled visits were postponed.

The requested disaster management courses, designed to provide insight into meteorology to novices, were successfully completed in June 2003.



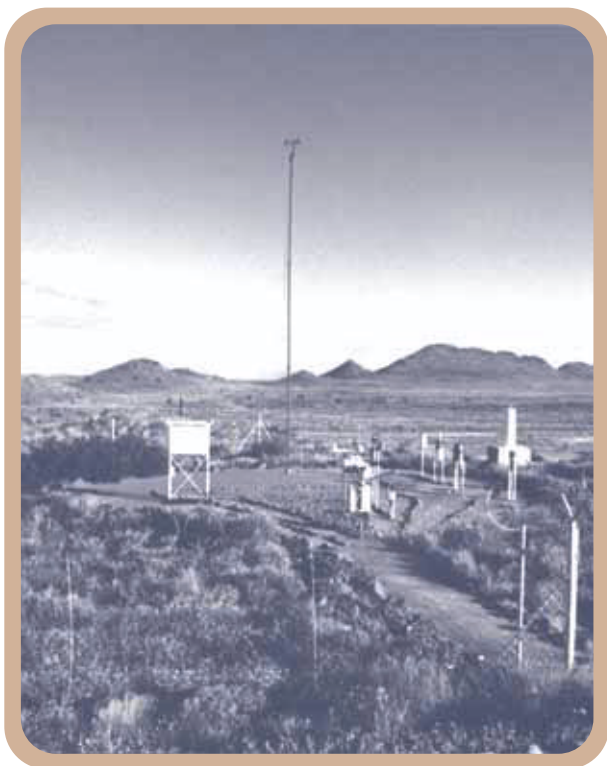
PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME FOUR: COMMERCIAL AND SERVICE DELIVERY

Plans were developed to form a comprehensive training institute, which will include meteorological as well as other relevant organisational training.

The South African Weather Service was contracted to be part of the training in the use of the products of the new MSG satellite course for Africa. Three trainers were selected to undergo training in the application of these products, after which they will train other users in the SADC.



Weather observations are done by different instruments as shown in this enclosure at De Aar

2. MEETING FINANCIAL TARGETS BY CONCLUDING BUSINESS AGREEMENTS WITH EXISTING CLIENTS AND DEVELOPING OF A COMMERCIAL STRATEGY THROUGH A COMMERCIAL IMPLEMENTATION PLAN

Despite not earning a full income for the provision of aviation meteorological services, the Aviation Weather

Centre at Johannesburg International Airport and the various other offices serving aviation were able to maintain all services and improve some of them. An improved aviation web-site was launched, resulting in information being available countrywide and more than 90% of all scheduled flights receiving flight documentation from this dedicated source. In cooperation with the Air Traffic and Navigation Services (ATNS), the South African Weather Service commenced the implementation of a plan to increase the number of routine aeronautical weather reports in South Africa from 11 to 25. A strong drive to improve the quality of all facets of service delivery was introduced.

Cooperation with other authorities continued to ensure that South Africa complies with the requirements of the International Civil Aviation Organization (ICAO).

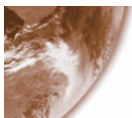
3. BUSINESS PROCESS RE-ENGINEERING IN TERMS OF THE AIRCRAFT FACILITY, UPPER-AIR AND SURFACE OBSERVATION PROGRAMME AND ASSEMBLY OF AUTOMATIC WEATHER STATIONS

The Weather Service maintained its airborne research facility, an asset comparable to the best facilities of its kind in the world. This is borne out by the continuous role that this facility is playing on local and international scale.

In cooperation with the Climate Research Group of the University of the Witwatersrand, one of the research aircraft, supported by personnel of the Weather Service, continued with the investigation into the feasibility of rainfall enhancement in the United Arab Emirates. On the home front, preparations and detail planning were under way to use the other aircraft in an air-pollution and greenhouse gas monitoring programme in close cooperation with the Department of Environmental Affairs and Tourism and other stakeholders. This programme will be conducted in 2004/2005.

Surface observation network and upper-air observations

The comprehensive observational network consisted of 1 600 rainfall stations, 49 first order, 15 second order and 62 third order stations, 130 Automatic Weather



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME FOUR: COMMERCIAL AND SERVICE DELIVERY

Stations, weather stations on Marion and Gough Islands and a manned station at Vesles, Antarctica, 21 weather offices around the country, one Global Atmosphere Watch Station at Cape Point, and a supporting mechanical workshop in Pretoria. The maintenance of old autographic instrumentation has become costly and such instruments are being replaced by electronic sensors.

The United Kingdom Meteorological Office supported the full upper-air programme for Gough Island and provided funding for one Automatic Weather Station (AWS) station in Tanzania.

Upper-air ascents were done at 10 stations as well as Marion and Gough Islands. Wind finding ascents were done at Cape Town, Durban, Port Elizabeth and Irene (near Pretoria), as well as Marion and Gough Islands.

Forty-one weather buoys were deployed in the South Atlantic Ocean and nine deployed in the tropical Indian Ocean to monitor the movement of tropical cyclones. An employee of the South African Weather Service was elected as Vice-Chairperson of the Data Buoy Cooperation Panel, responsible for the Southern Hemisphere and Africa. The Port Meteorological Officers in Cape Town and Durban continued to give support to the marine community.

Major changes were made to enhance the efficiency of the AWS network. New logger programmes were written and electronic devices designed to streamline communications. Three new AWSs were installed.

The Namibian Weather Service was provided, on a commercial basis, with 10 fully functioning AWSs. An additional 10 AWSs will be purchased by Namibia during the next financial year.

Five new observation stations, funded from Poverty Relief funds and provided by the Weather Service, were earmarked for installation in the Eastern Cape.

4. CREATION OF NEW MARKETS

The pricing guidelines for climate and forecast products were finalised and implemented, generating commercial

income. Charging for climate data led to a decrease in climate enquiries, of which more than 60% came from the industry and the insurance / attorney sector.

Commercial contracts were secured with Multichoice and the SALT project. The Weatherline contract with service provider Cointel continued.

A contract with the Koeberg Power Station to deliver meteorological observation and forecasting services was sustained, while the Weather Service provided information to the inquest into the Storms River rafting tragedy which occurred in March 2000.

A contract was signed with Ngqura Harbour Contractors in the Eastern Cape for the installation of an automatic weather station at Ngqura.

5. DELIVERY OF GENERAL FORECASTING AND CLIMATE INFORMATION SERVICES

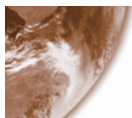
Drought conditions and significant weather events

South Africa was hard hit by a drought, which was experienced throughout the whole country and led to large-scale crop and animal losses. The expertise of the Weather Service was used in disaster management planning throughout the year. Daily and seasonal forecasts, as well as 10-day, monthly and seasonal rainfall maps were published on the website www.weathersa.co.za to assist authorities in monitoring the development of the drought situation in South Africa at the onset of the summer-rainfall period.

Intense cold fronts swept over the country in mid-August, accompanied by gale-force winds, stormy seas, heavy snowfalls and high fire danger indices. Many minimum temperature records were broken on 22 August 2003. The container vessel "Sealand Express" ran aground in Table Bay during this period, requiring daily weather forecasts to prevent a possible disaster.

General forecasting

In addition to regional forecasting offices in Johannesburg, Bloemfontein, Cape Town, Port Elizabeth and Durban, the Northern Region Office was established to provide services for Gauteng, Mpumalanga and the Limpopo



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME FOUR: COMMERCIAL AND SERVICE DELIVERY

Province. This enabled the National Forecasting Centre (NFC) to concentrate on matters of national interest. Forecasts, supported by a special webpage, were provided during the Cricket World Cup event. Forecasts were also done for the Comrades Marathon, Vasco da Gama and Lipton Cup races.

Climate Information and Publication Services

Apart from commercial climate services, daily rainfall, as well as maximum and minimum temperatures were published. Two regular monthly publications, the "Daily Weather Bulletin" and the "Climate Summary of Southern Africa", were published, as well as two scientific publications, "Climate of South Africa, Climate Controls" and "Climate of South Africa, Climate Regions".

6. DATABANK MANAGEMENT

The Meta data tables in the databank were modified to facilitate the newly developed MetCap programme. Similarly the data tables with climate data were also improved by adding new fields and flag fields showing the status of the data quality. This was necessary due to the improved quality control features of the new MetCap programme.

The capturing of the historical climate data (data prior to 1950) was 90% completed. Selected stations with long and reliable data records were used. The data was archived on CD and will be imported to the databank.

7. MODERNISATION OF ELECTRONIC INSTRUMENTATION

Maintenance of Electronic Instruments

The slightly improved radar maintenance budget enabled the organisation to continue with its programme of radar inter-network calibration and the enhancement of the radar infrastructure. The universal norm for annual radar maintenance budgets is 10% of the replacement value of the radars in the specific network. This would amount to approximately R10 million per annum for the Weather Service radar network. It was possible to maintain the integrity of the network during the past year with a maintenance budget allocation of only 10% of the

ideal amount. This was made possible by on-going technical innovation and dedication of personnel, as well as the sourcing of parts through other sources than the manufacturer of the radars. In a number of cases it was possible to locate the original manufacturers of some of the radar sub-assemblies, with a drastic reduction in costs. In other cases the original manufacturers had gone out of business, which forced the organisation to search for alternative sources. In all cases where sub-assemblies were sourced elsewhere, they were obtained with improved specifications. These initiatives did, however, put a heavy administrative burden on technical staff.

Achievements during the past year:

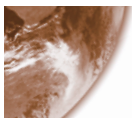
East London: A 10 kva UPS unit was installed, the mains power reticulation was upgraded and new distribution boards were installed. The site was simultaneously prepared for the later installation of a 20 kva UPS unit.

Polokwane (Pietersburg): The 10 kva Megaline UPS unit at Polokwane was replaced with a 20 kva APC 320 Silcon UPS unit. This was necessitated by the unreliability and very high service costs of the old Megaline UPS unit.

Ermelo: The 10 kva Megaline UPS unit at Ermelo was replaced with a much more reliable 20 kva Meissner UPS unit which had become redundant in the ICT department of the Weather Service. This machine was refurbished and serviced before installation. The standby generator and mains power reticulation at Ermelo were completely refurbished and new distribution boards were installed. At the same time standby power was connected to the runway lights at the Ermelo airfield, for which the Town Council expressed its appreciation to the Weather Service.

A new, simplified operating console was also installed on the radar, which will reduce maintenance costs and time, and enhance its operation.

Umtata: Preparations proceeded for the Umtata radar installation. A 20 kva UPS unit was ordered and a new operating console was built. A standby generator and Automatic Mains Failure (AMF) unit had been purchased in the previous financial year.



PART 2

ACHIEVING OUR VISION AND MISSION BY IMPLEMENTING FIVE STRATEGIC PROGRAMMES

PROGRAMME FIVE: MAINSTREAMING OF SOUTH AFRICAN WEATHER SERVICE PRODUCTS

The aim of the programme for the mainstreaming of South African Weather Service products was to market and promote the South African Weather Service and its activities. Steps were taken to mainstream products of the South African Weather Service so that they can be used as ingredients in social and economic or business development planning.

Programmes included a marketing programme, as well as a communications programme which comprised media liaison, corporate communications, social responsibility, internal communications and the management of a library / knowledge centre for the benefit of the Weather Service and public.

Fostering the brand of the Weather Service was completed in April 2003 and implemented widely, most notably by the South African Broadcasting Corporation (SABC). The "Ten Years of Freedom" logo has been added to all SABC and E-TV weather programmes since 1 January 2004.

Publicity for the South African Weather Service was enhanced by participating in the World Park Congress Exhibition in Durban, the Sasol Scifest Exhibition in Grahamstown, the Bloemfontein Presidential Air Race and the University of Fort Hare Careers Day. These exhibitions were supported technically and logistically by various divisions of the Weather Service.

Agricultural extension officers in three provinces, Northern Cape, Western Cape and KwaZulu-Natal, were trained, bringing the number of provinces reached to eight. Regional offices hosted many visits by schools, during which weather-related talks linked to school curricula were presented. Several exhibitions were also held at special events.

World Meteorological Day 2004 was celebrated on 23 March 2004. The theme was "Weather, Water and Climate in the Information Age". A poster was published in a prominent teaching newspaper, thereby enabling the Weather Service to reach 33 000 schools in South Africa. An official early morning function was held at the Weather Service Head Office on 23 March 2004, at which Mrs Gwen Mahlangu, chairperson of the Parliamentary Portfolio Committee on Environment and Tourism, accompanied by Board members, addressed foreign dignitaries, the press and school children on the importance of weather technology in the information age.

The event included the handing-over of barometers to the Mozambique Meteorological Service and the announcement of plans to form a MSG training centre at the South African Weather Service. Wide media coverage was received from the printed and electronic media.

Internal communications were promoted through the introduction of a revamped monthly internal newsletter and the distribution of relevant personnel communiqué on matters of interest.

KNOWLEDGE CENTRE

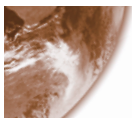
The Knowledge Centre provided relevant research information to staff of the Weather Service, meteorological students and the public, and maintained the National Meteorological Library.

Its collection focused on meteorological and climatological information, with a broadened scope to include corporate, financial, legislative and human resource management information. Media includes not only traditional printed publications, but also e-journals, CDs, videos and DVDs.



World Meteorological Day 2004





PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

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PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

REPORT OF THE RISK AND AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2004

We are pleased to present our report for the financial year ended 31 March 2004.

Risk and Audit Committee members and attendance

The Risk and Audit Committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the current year four meetings were held.

Name of member	No. of meetings attended
Mr V P Maluleke	4
Dr J M Matjila	4
Mr I Robinson (appointed 12/03/2004)	1
Prof GB Brundrit	1
Mr RDJ Lengoasa	4

Risk and Audit Committee responsibility

The Risk and Audit Committee reports that it has complied with its responsibilities arising from section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. It also reports that it has discharged all its responsibilities in compliance with its adopted appropriate formal terms of reference as contained in its audit committee charter.

The effectiveness of internal control

Based on the various reports of the internal auditors and the report of the independent auditors on the annual financial statements, the Risk and Audit Committee is of the opinion that no significant or material non-compliance with prescribed policies and procedures occurred.

The quality of monthly and quarterly reports submitted in terms of the Act

The Risk and Audit Committee is satisfied with the content and quality of the reports prepared by the Chief Financial Officer.

Evaluation of financial statements

The Risk and Audit Committee has reviewed and discussed with the external auditors and the Chief Financial Officer the audited annual financial statements to be included in the annual report.

It also concurs and accepts the conclusion of the external auditors and has noted the emphasis of matter on the

annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the independent auditors.

VP Maluleke
Chairperson of the Risk and Audit Committee
Date: 28 August 2004



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 32 to 51, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the board. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the South African Weather Service at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).



4. EMPHASIS OF MATTER

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

4.1 Irregular Expenditure - Finance lease agreement

In terms of paragraph 32.2.3(b) of the Treasury regulations, public entities listed in Schedule 3A may only enter into a finance lease transaction with the approval of the Minister of Finance.

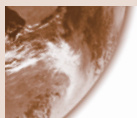
The South African Weather Service has entered into a finance lease to the value of R6 997 163, without the approval of the Minister of Finance thereby contravening the provision of the treasury regulations and section 66 of the PFMA. The ex post facto approval of the Minister of Finance is still outstanding.

4.2 Investment policy & surplus accumulation

In terms of section 53(3) of the PFMA the public entity listed in schedule 3 which must submit a budget, may not budget for a deficit and may not accumulate surpluses unless the prior written approval of the National Treasury has been obtained. The approval of the National Treasury was not obtained to accumulate the surplus nor was an investment policy developed and approved by the accounting authority as required by Treasury regulation 31.1.1. An investment policy was drafted and will be submitted for approval on 28 August 2004.

4.3 Post engagement medical aid contribution

The calculations of post retirement medical aid contributions were not done in accordance with the Accounting Statement AC 116. The obligations were not based on actuarial calculations but were determined by multiplying current contributions by the assumed 20 years.



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2004

4.4 Internal control weaknesses

Weaknesses in the internal control environment included the following:

- *The subsistence and travel advances are not reconciled to claims submitted. The advances were incorrectly allocated to debtors whilst the claims were incorrectly allocated to creditors.*
- *A number of policy documents were still in draft awaiting formal approval by the board.*
- *Employees transferred from the Weather Bureau to the South African Weather Service were issued with transfer letters. Not all of these transfer letters could be provided during my audit.*

Management indicated that the weaknesses in internal controls were being addressed. This will be followed up during the 2004 / 2005 regularity audit.

4.5 Other cases of non-compliance with regulations and legislation

- 4.5.1 The fraud prevention plan was prepared and approved on 28 February 2004 after the internal audit work had been carried out. It was, therefore, not included in the risk management strategy to direct internal audit effort as required by Treasury regulation 27.2.1.
- 4.5.2 The quarterly statements of actual and projected revenue and expenditure and the status of compliance with the PFMA were only submitted in April 2004 and not on a quarterly basis as required by Treasury regulation 26.1.1.

5. APPRECIATION

The assistance rendered by the staff of the South African Weather Service during the audit is sincerely appreciated.

**S Labuschagne
for Auditor-General**

**Date: 27 August 2004
Pretoria**



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

APPROVAL BY THE BOARD

The Board of the South African Weather Service is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with the Generally Accepted Accounting Practice.

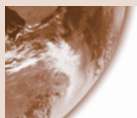
The Board of the South African Weather Service is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the South African Weather Service will not remain a going concern for the foreseeable future.

The audited annual financial statements set out on pages 32 to 51 were approved by the Board on 28 August 2004, and signed on its behalf by:

Chief Executive Officer

Chairperson: SA Weather Service Board



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 31 MARCH 2004

The Accounting Authority hereby presents its report, which forms part of the audited financial statements of the organisation for the year ended 31 March 2004.

Nature of business

The South African Weather Service is a statutory organisation governed by the South African Weather Service Act, No 8 of 2001. It is primarily engaged in the provision of weather services on a commercial and public good basis.

Financial results

Full details of the financial results for the year under review are set out on pages 32 to 51.

Gross revenue

Gross revenue increased from R93,6 million in 2003 to R139,9 million in 2004. This represents a 50% increase which is mainly attributed to the following:

- An aviation income of R37,5 million from the previous year.
- An increase in government grant of R2,3 million from the previous year.

Net income from investments and interest

Income from investments increased by R0,817 million from the previous year. This improvement is mainly attributed to bank cash balances. However, this improvement was offset mainly by finance charges attributed to the Cray SV1 Supercomputer Hardware / Software lease. Finance costs increased by R0,616 million from the previous year.

Operations

Operations carried out by the South African Weather Service are discussed in detail in chapter 2 of the Annual Report.

Events subsequent to the balance sheet date

No material events occurred subsequent to the balance sheet date and the date of this report.

Executive and Senior Managers' interest in contracts

No material contracts involving the interests of Executive or Senior Managers were entered into in the current year.



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 31 MARCH 2004

Board and Committee meetings from 1 April 2003 to 31 March 2004

	Other Responsibilities	Board Meetings		Executive Committee		Risk and Audit Committee		HR and Remuneration Committee		Commercial and Finance Committee		Programmes Committee		TOTAL
		R	No	R	No	R	No	R	No	R	No	R	No	R
Brundrit GB	5 689	2	3 130			1	784					1	394	9 997
Maasdorp L	7 671	3	5 172	4	4 397					1	784			18 024
Maluleke VP	24 135	5	7 005	8	2 116	4	10 138							43 395
Maqubela NP	26 641	5	7 825	4	3 917			1	784	1	784	1	394	40 345
Rensburg S	30 172	5	9 181	6	7 388	2	3 174							49 914
Sangweni-Siddo L	18 872	5	6 808	3	3 050			1	784	1	784			30 298
Swartz DI	13 704	1	1 565									1	394	15 663
Robinson I						1	1 050							1 050

Addresses

Registered office: South African Weather Service
442 Rigel Avenue South
Erasmusrand
Pretoria
0181

Postal address: Private Bag X 097
Pretoria
0001

Auditors

The South African Weather Service, as a Public Entity, is audited by the Auditor-General or its nominee.

Sizeka Rensburg
Chairperson of the Board
Date: 28 August 2004



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2004

		2004	2003
	Notes	R	R
ASSETS			
Non current assets			
Property, plant and equipment	4	46 627 326	47 730 003
Investment property	5	19 250 000	17 930 000
Current assets			
Inventory	6	675 964	1 012 295
Trade and other receivables	7	19 355 362	9 747 963
Cash and cash equivalents	8	22 681 871	6 415 868
TOTAL ASSETS		108 590 523	82 836 129
EQUITY AND LIABILITIES			
Reserves			
Non-distributable reserves		53 568 752	58 339 370
Accumulated profits / (losses)		21 688 132	(1 561 943)
Non current liabilities			
Borrowings	9	-	774 201
Current liabilities			
Borrowings	9	851 476	5 491 577
Trade and other payables	10	14 882 187	9 308 361
Provisions	11	12 294 249	10 446 017
Donor funding	12	5 305 727	38 546
TOTAL EQUITY AND LIABILITIES		108 590 523	82 836 129

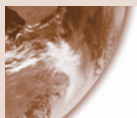


PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

		2004	2003
	Notes	R	R
Revenue	13	139 854 654	93 604 947
Selling and administrative expenditure		(793 962)	(2 233 984)
Employee costs		(60 301 100)	(53 101 346)
Depreciation		(9 160 440)	(4 657 874)
Other operational expenditure		(52 873 986)	(35 638 596)
Stock adjustments		(160 361)	72 793
Profit / (loss) from operations	14	16 564 805	(1 954 060)
Finance cost	15	(729 056)	(463 097)
Income from investments	16	1 403 708	587 131
Net profit / (loss) for the year		17 239 457	(1 830 026)



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Non distributable reserve R	Accumulated profit/ (loss) R	Total R
Balance 31 March 2002	39 841 798	(6 287 539)	33 554 259
Inventory revaluation reserve expensed	-	3 081 863	3 081 863
Asset revaluation reserve expensed	(3 473 759)	3 473 759	-
Asset revaluation reserve	21 971 331	-	21 971 331
Net loss for the year	-	(1 830 026)	(1 830 026)
Balance 31 March 2003	58 339 370	(1 561 943)	56 777 427
Asset revaluation reserve expensed	(6 010 618)	6 010 618	-
Land valuation	1 240 000	-	1 240 000
Net profit for the year	-	17 239 457	17 239 457
Balance 31 March 2004	53 568 752	21 688 132	75 256 884

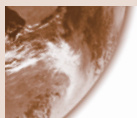


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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 R	2003 R
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) for the year		17 239 458	(1 830 026)
Adjustment for non cash and other items			
Depreciation		9 160 440	4 657 874
Interest received		(1 403 708)	(587 131)
Interest paid		729 056	463 097
Doubtful debt provision	3	11 506 033	-
Post retirement medical aid provision		2 047 042	-
Unrealised foreign exchange loss/(profit)		10 933	(252 457)
Inventory cost adjustment		(39 893)	(72 793)
Impairments		-	1 864 892
Profit on disposal of fixed assets		(226 845)	(59 462)
Operating profit before working capital changes		39 022 516	7 823 284
Working capital changes		(11 425 945)	(5 379 155)
Decrease in inventory		336 331	286 954
(Increase) / Decrease in trade and other receivables		(9 607 399)	(10 690 868)
(Increase) / Decrease in trade and other payables		(5 573 826)	5 045 486
(Increase) / Decrease in provisions		(1 848 232)	-
(Decrease) / Increase in donor funding		5 267 181	(20 727)
Cash generated from operations		27 596 571	2 444 129
Interest paid		(729 056)	(463 097)
Interest received		1 403 708	587 131
Net cash inflow from operating activities		28 271 223	2 568 163



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

Additions to property, plant and equipment	Notes	(6 893 940)	(8 213 195)
Proceeds from disposal of property, plant and equipment		303 022	131 552
Net cash outflow from investing activities		(6 590 918)	(8 081 643)
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease) in long-term liabilities		(774 201)	774 201
(Decrease) / Increase in short-term liabilities		(4 640 101)	5 491 577
Net cash outflow from financing activities		(5 414 302)	6 265 778
Net increase in cash and cash equivalents		16 266 003	752 298
Cash and cash equivalents at beginning of year		6 415 868	5 663 570
Cash and cash equivalents at end of year	8	22 681 871	6 415 868



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1. PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared on the historical cost basis and are presented in South African Rand since that is the currency in which the majority of the South African Weather Service's transactions are denominated.

2. ADOPTION OF SOUTH AFRICAN ACCOUNTING STANDARDS

In the current year, the South African Weather Service has adopted the following South African Accounting Standards:

AC 105	Finance leases
AC 116 (revised)	Employee benefits
AC 128	Impairment of assets
AC 133	Financial instruments: recognition and measurement
AC 134	Government assistance
AC 135	Investment property

Adoption of these Standards has resulted in some changes in the detailed application of the South African Weather Service accounting policies and some modifications to financial statement presentation. However, none of these amendments have affected the results for the current or prior periods.

The South African Weather Service has not done the actual valuation in terms of AC 116, but has since its inception adopted the method of calculation used by the Department of Environmental Affairs and Tourism.

AC 133 has introduced a comprehensive framework for accounting for all financial instruments. The principal effects of the adoption of AC 133 have been that the investments in securities are now carried at fair value, and that derivative financial instruments have been brought on balance sheet. At balance sheet date the South African Weather Service had not invested in any securities, and the value of derivative financial instruments amounts to R Nil.

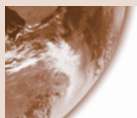
Under AC 134, a grant related to assets is recorded either by setting up a deferred income account in respect of the receipt or by deducting the grant in arriving at the carrying amount of the asset. The grant is then recognised as income either on a systematic and rational basis over the useful life of the asset, or by way of a reduced depreciation charge over the depreciable asset.

Under AC 135, the South African Weather Service's investment property is accounted for at fair value. Following the adoption of AC 135, gains and losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis, except for the revaluation of land and buildings.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent in all material respects with those applied in the previous year.



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue comprises of fees levied for the supply of weather-related information and excludes value-added tax. Revenue from information fees levied is recognised when the information is supplied to the customer. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Project income received is recognised together with the respective expenses in the income statement. Monies received from Donors are recorded as a liability against which expenses are charged, surpluses are either paid back or recognised in the income statement depending on the terms of the particular contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The South African Weather Service as a lessee

Assets held under finance leases are recognised as assets of the South African Weather Service at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currencies

Transactions in currencies other than the reporting currency (Rands) are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded are recognised as income or expenses in the period in which they arise.

The South African Weather Service did not enter into forward contracts and options in order to hedge its exposure to foreign exchange risks, during the financial year under review.

Unrealised gains and losses arising from currency fluctuations are recognised in the income statement.

Government and other grants

Government and other grants are accounted when they become receivable as deferred income and recognised on a monthly basis to match the grants with the related costs which they are intended to compensate.

Taxation

No provision for taxation was made, as the South African Weather Service is not liable for tax.



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Revaluations are performed with sufficient regularity using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated profits.

All other items of property, plant and equipment are stated at cost and valuation less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

	2004	2003
	Year	Year
Land and buildings improvements	10	-
Commercial property	-	-
Aircraft	4	4
Motor vehicles	5	5
Meteorological instruments	10	10
Office equipment	3	3
Computer equipment and software	3	3
Library books and equipment	3	3
Furniture and fittings	6	6
Tools and other equipment	5	5

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated cost to completion and cost to be incurred in marketing, selling and distribution. Inventory consists of consumable goods only and not held for resale. Cost is determined on the following basis:

Consumable goods are valued using the average cost basis.

Redundant and slow moving stocks are identified and written down with regard to their estimated economic or realisable values.

Impairment

At each balance sheet date, the South African Weather Service reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Financial instruments

Financial assets

The group's principal financial assets are bank balances and cash and trade and other receivables.

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities include interest-bearing liabilities and trade and other payables.

Interest-bearing liabilities are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Liabilities

Provisions for liabilities are recognised when the South African Weather Service has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

Doubtful debts

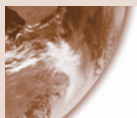
Provisions for doubtful debts are recognised when the South African Weather Service outstanding debtors are 120 days and above.

Post retirement medical aid contribution

The South African Weather Service has an obligation to contribute towards retired employee's medical aid funds. The amount recognised in the balance sheet represents the value of the defined benefit obligation calculated by multiplying the number of employees over the age of 59 with their respective contributions and expected life span.

Retirement benefits

Contributions to the defined contribution plans are charged to the income statement as occurred.



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

4. PROPERTY, PLANT AND EQUIPMENT: 2004

Cost or valuation	Opening balance R	Additions R	Disposals R	Revalue R	Closing balance R
Buildings-lease improvements	-	1 880 429	-	-	1 880 429
Commercial property	8 960 000	-	-	1 240 000	10 200 000
Aircraft	9 712 250	-	-	-	9 712 250
Motor vehicles	1 931 685	133 032	(107 400)	-	1 957 317
Meteorological instruments	20 902 684	1 361 395	-	-	22 264 079
Office equipment	43 591	179 206	-	-	222 797
Computer equipment and software	1 754 906	2 250 423	(2 955)	-	4 002 374
Computer equipment: leased	8 033 282	-	-	-	8 033 282
Library books and equipment	16 604	21 996	-	-	38 600
Furniture and fittings	976 554	1 052 358	-	-	2 028 912
Tools and other equipment	38 299	15 101	(402)	-	52 998
	52 369 855	6 893 940	(110 757)	1 240 000	60 393 038

Accumulated depreciation	Opening balance R	Current year R	Disposals R	Revalue R	Closing balance R
Building-lease improvements	-	190 104	-	-	190 104
Commercial property	-	-	-	-	-
Aircraft	2 600 000	2 428 063	-	-	5 028 063
Motor vehicles	386 336	394 389	(33 055)	-	747 670
Meteorological instruments	-	2 090 268	-	-	2 090 268
Office equipment	11 098	30 138	-	-	41 236
Computer equipment and software	357 121	1 170 496	(1 478)	-	1 526 139
Computer equipment: leased	1 167 531	2 675 083	-	-	3 842 614
Library books and equipment	5 456	8 188	-	-	13 644
Furniture and fittings	105 199	165 363	-	-	270 562
Tools and other equipment	7 110	8 349	(47)	-	15 412
	4 639 851	9 160 441	(34 580)	-	13 765 712



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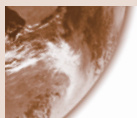
AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

4. PROPERTY, PLANT AND EQUIPMENT: 2003

Cost or valuation	Opening balance R	Additions R	Disposals R	Reclassify / Revalue R	Closing balance R
Commercial property	8 960 000	-	-	-	8 960 000
Aircraft	10 400 000	-	-	(687 750)	9 712 250
Motor vehicles	2 021 798	-	(90 113)	-	1 931 685
Meteorological instruments	1 864 892	-	-	19 037 792	20 902 684
Office equipment	157 220	6 797	-	(120 426)	43 591
Computer equipment and software	530 000	-	-	1 224 906	1 754 906
Computer equipment: leased	-	8 033 282	-	-	8 033 282
Library books and equipment	14 668	1 936	-	-	16 604
Furniture and fittings	173 637	802 917	-	-	976 554
Tools and other equipment	18 118	3 382	-	16 799	38 299
	24 140 333	8 213 195	(90 113)	20 106 440	52 369 855

Accumulated depreciation	Opening balance R	Current year R	Disposals R	Reclassify / Revalue R	Closing balance R
Aircraft	-	2 600 000	-	-	2 600 000
Motor vehicles	-	404 359	(18 023)	-	386 336
Meteorological instruments	-	-	-	-	-
Office equipment	-	11 098	-	-	11 098
Computer equipment and software	-	357 121	-	-	357 121
Computer equipment: leased	-	1 167 531	-	-	1 167 531
Library books and equipment	-	5 456	-	-	5 456
Furniture and fittings	-	105 199	-	-	105 199
Tools and other equipment	-	7 110	-	-	7 110
	-	4 657 874	(18 023)	-	4 639 851



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

4. PROPERTY, PLANT AND EQUIPMENT (continued)	2004	2003
Net book value		
Building-lease improvements	1 690 325	-
Commercial property	10 200 000	8 960 000
Aircraft	4 684 187	7 112 250
Motor vehicles	1 209 647	1 545 349
Meteorological instruments	20 173 811	20 902 683
Office equipment	181 561	32 493
Computer equipment and software	2 476 235	8 263 536
Computer equipment: leased	4 190 668	-
Library books and equipment	24 956	11 148
Furniture and fittings	1 758 350	871 355
Tools and other equipment	37 586	31 189
	46 627 326	47 730 003

5. INVESTMENT PROPERTY		
Fair value of property	29 450 000	26 890 000
Less commercial property (Refer note 4)	(10 200 000)	(8 960 000)
	19 250 000	17 930 000

CA Young Valuations carried out a valuation of the land in Garsfontein. The valuation reflects the fair value as at 31 March 2004. The title deed to the property has not yet been passed to the name of the South African Weather Service.

Property consultants were requested to value the buildings in Bethlehem and Irene. Careful consideration should be given to the fact that in both Irene and Bethlehem, buildings were transferred without the land they are situated on. The legal position is still outstanding.



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003
	R	R

6. INVENTORIES

Consumables and maintenance goods	675 964	1 012 295
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7. TRADE AND OTHER RECEIVABLES

Trade receivables	32 958 293	12 361 242
Less: Provision for doubtful debts	(16 274 519)	(3 453 128)
Prepayments	242 214	261 127
Other receivables	2 429 374	578 722
	<u>19 355 362</u>	<u>9 747 963</u>

No penalties or interest is charged on these and on any long outstanding trade debtor accounts. The carrying amount of trade and other receivables approximate their fair value.

Doubtful debts provision:

Opening balance	3 453 128	142 343
Provision raised	(19 727 647)	3 310 785
Closing balance	<u>(16 274 519)</u>	<u>3 453 128</u>

8. CASH AND CASH EQUIVALENTS

Bank balances and cash	<u>22 681 871</u>	<u>6 415 868</u>
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Bank balances and cash comprise cash and short-term deposits held by the South African Weather Service. The carrying amounts of these assets approximate their fair value.

Credit risk on liquid funds is limited because the counter parties are banks with high credit ratings, assigned by international credit-rating agencies.

The South African Weather Service has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003
	R	R
9. BORROWINGS		
Long-term lease liability	851 476	6 265 778
Short-term portion of long-term lease liability	(851 476)	(5 491 577)
	-	774 201

IBM Finance lease:

Contract commencement date:	31 March 2003
Effective interest:	30,5%
Payment profile:	12 monthly payments in advance commencing 1 April 2003
Initial term:	24 months
Other:	VAT of R859 301 is payable on 1 April 2003.

The South African Weather Service has the following options at the end of the term (31 March 2005):

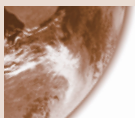
- Return equipment at no additional charge, or
- Renew lease for a further period, or
- Acquire ownership at an amount not exceeding R977 147.63 (excluding VAT).

This finance lease amounts to an irregular expenditure to the value of R6 137 862.01 (excluding VAT), resulting from a finance lease entered into without the approval of the National Treasury as required by Treasury Regulation 32.2.2. Subsequently, the South African Weather Service has made a written submission to the National Treasury requesting the ex post facto approval of this expenditure.

Accordingly, investigations were conducted in accordance with standard disciplinary procedures and legislation. No one in the current employment of the Weather Service was found guilty of the offence.

RFC Finance lease:

Contract commencement date:	30 November 2002
Effective interest:	17%
Payment:	24 monthly payments of R7 726 (including VAT), in advance, for the period 30 November 2002 to 31 October 2004.
Term:	24 months



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

9. BORROWINGS (continued)

	2004 R	2003 R
Present value of minimum lease payments		
Amounts payable under finance leases:		
IBM Finance lease	723 067	5 414 806
RFC Finance lease	128 409	76 771
Less: Amount due within 12 months (shown under current liabilities)	851 476	5 491 577

All lease obligations are denominated in Rand.

The fair value of the South African Weather Service's lease obligations approximates their carrying amount.

The South African Weather Service's obligations under finance leases are secured by the lessor's charge over the leased assets.

10. TRADE AND OTHER PAYABLES

Trade payables	11 963 561	7 544 856
Sundry accruals	2 233 279	-
Other payables	685 347	904 204
	14 882 187	8 449 060

The carrying amount of trade and other payables approximate their fair value.

Unrealised foreign exchange profit and loss is calculated using the spot rate at year-end.

Spot rates at year-end

1 USD = R6.289

1 EUR = R7.744

	2004 Foreign Currency	2004 R
Foreign exchange rate exposure:		
Vaisala - EUR	EUR 342 975	2 655 998
American Metrological Society - USD	USD 55	346
		2 656 344



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

11. PROVISIONS

	Opening Balance	Additions	Used	Closing Balance
Capped leave provisions	8 631 459	-	(198 810)	8,432 649
Post retirement provision	1 814 558	2 047 042	-	3 861 600
	10 446 017	2 047 042	(198 810)	12 294 249

Current:

Leave provision	8 432 649
Post retirement provision	3 861 600
	12 294 249

Leave provision

Leave provision was calculated based on the working days due to each employee, as at 15 July 2001 from the Persal system. Adjustments to this provision relate to increases in salary rates, days claimed or paid out through retirement or death and employees resigning. It should be noted that employees resigning forfeit their claim.

Post retirement provision

The amount for the post retirement medical aid provision was calculated by multiplying the number of employees over the age of 59 with their respective contributions and expected life span, based on adjusted salaries of 8% for level 1 to 12 and 6.5% for level 13 and above.



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AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003
	R	R
12. DONOR FUNDING		
Donor funds available	5 035 727	38 546

13. REVENUE

An analysis of the South African Weather Service's revenue is as follows:

Government grants	80 641 000	78 346 000
Aviation income	49 034 933	11 508 582
Information fees	3 201 292	2 289 212
Gain on commercial property	1 320 000	-
Other income	1 789 214	870 425
Project income	2 663 753	590 728
Donations	1 204 462	-
	139 854 654	93 604 947

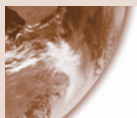
Project income

The amount of project income is made up of income generated from the leasing of aircraft as well as commercial projects which are the Namibian Tender and the CDC / University of Arizona.

14. PROFIT / LOSS FROM OPERATIONS

Profit / loss from operations has been arrived at after charging (crediting):

Foreign exchange (realised)	(412 009)	(566 302)
Foreign exchange unrealised	47 105	-
Auditor's remuneration	764 416	93 476
Legal fees	208 706	450 095
Bad debt	11 506 033	10 786
Communication cost / (refund)	6 294 650	(3 549 390)
Net profit on disposal of fixed assets	(226 845)	(59 462)
Operating lease payments	556 573	948 859
Project expenditure	1 667 777	233 113
Impairments	-	1 864 893
Gain on commercial property	(1 320 000)	-



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

Depreciation:

Land and buildings (lease improvements)	190 104	-
Aircraft	2 428 263	2 600 000
Motor vehicles	394 389	404 359
Meteorological instruments	2 090 268	-
Office equipment	30 138	11 098
Computer equipment and software	3 845 579	1 524 652
Library books and equipment	8 188	5 456
Furniture and fittings	165 362	105 199
Tools and other equipment	8 349	7 110
	9 160 440	4 657 874

15. FINANCE COST

Interest paid:

Interest charges by suppliers	33 687	105 176
Finance leases	695 369	357 921
	729 056	463 097

16. INCOME FROM INVESTMENTS

Interest received:

Bank balances and cash	1 403 708	587 131
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17. CONTINGENT LIABILITY

A contingent liability relating to copyright royalties claimed on certain software exists at balance sheet date. The amount and the exposure relating to this liability is estimated at approximately R4 250 000. The South African Weather Service assists qualifying officials to obtain 100% housing loans from Financial Institutions without a cash deposit. For this purpose agreements have been entered into with approved Financial Institutions to effect that the South African Weather Service will guarantee a maximum of 20% of the Housing loan for which a person qualifies. The maximum amount is based on the official's basic salary. There are 46 loans, the amount and exposure relating to this liability is estimated at approximately R766 307.



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

18. EXECUTIVE MEMBERS' REMUNERATION

Brundrit GB - Board Member	9 997	20 345
Maasdorp L - Board Member	18 024	56 120
Maluleke VP - Board Member	43 395	59 481
Maqubela NP - Board Member	40 345	81 674
Rensburg S - Board Member	30 298	118 276
Sangweni-Siddo L - Board Member	31 426	19 561
Swartz DI - Board Member	15 663	17 215
Nadison D - CEO resigned November 2002	-	571 403
Kgagae GT - CFO resigned December 2002	-	350 744
Schulze GC - COO	517 619	503 725
Lengoasa - CEO appointed 1 March 2003	711 374	-
Lukhele - CFO appointed 1 June 2003	466 171	-
	1 884 312	1 798 544

Executive members' service contracts:

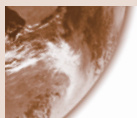
In order to retain key members of the executive team, service contracts have been entered into for periods in excess of one year.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to correctly reflect the amounts and disclosure on a basis consistent with the current year.

20. RELATED PARTY TRANSACTIONS

	2004	2003
DEAT: Government Grant	80 641 000	78 346 000



PART 3

AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

MATERIALITY FRAMEWORK STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

Section 28.1.5 - For purposes of material (sections 50(1), 55(2) and 66(1) of the Public Finance Management Act (PFMA) and significant (section 54(2) of the PFMA), the accounting authority must develop and agree a framework of acceptance levels of materiality and significance with the relevant executive authority in consultation with the external auditors.

Statement of South African Auditing Standards (SAAS) 320.03 defines materiality as follows: Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have for it to be useful.

The South African Weather Service deals with the framework under two main categories, being the qualitative and quantitative aspects.

Quantitative aspects

The Auditor-General has provided guidelines, which provide the basis of establishing materiality limits. Using the guidelines, the South African Weather Service has a material amount as being R6 992 733. This has been determined by applying 0,5% on the gross annual turnover of R139 854 654.

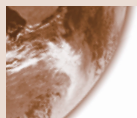
In determining the said materiality value of R6 992 733, we also took cognisance of the following:

- Nature of the business of the South African Weather Service.
Funding of the South African Weather Service is twofold, by means of a government grant received from the DEAT and through commercial income being generated for weather information provided.
Given the nature of the South African Weather Service to be a revenue-driven organisation, preference is given to gross revenue as basis of defining the level of materiality.
- Statutory and disclosure requirements laid down by the PFMA and its regulations.
- Control and inherent risk associated with the systems of internal control at the South African Weather Service.

Qualitative aspects

Materiality is not merely related to the size of the entity and the elements of its financial statements. Obviously, misstatements that are large either individually or in the aggregate may affect a "reasonable" user's judgment. However, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst other:

- New ventures that the South African Weather Service has entered into.
- Unusual transactions entered into that are not of repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements.
- Transactions entered into that could result in reputational risk to the South African Weather Service.
- Any fraudulent or dishonest behaviour of an officer or staff of the South African Weather Service.
- Procedures / processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations).



ABBREVIATIONS

ANNUAL REPORT 2003/2004

ACSA	- Airports Company South Africa
AMDAR	- Aircraft Meteorological Data Relay
AMF	- Automatic Mains Failure
ARC	- Agricultural Research Council
ATNS	- Air Traffic and Navigation Services
AWS	- Automatic Weather Station
CAA	- Civil Aviation Authority
CCMA	- Commission for Conciliation, Mediation and Arbitration
CEO	- Chief Executive Officer
DEAT	- Department of Environmental Affairs and Tourism
DPLG	- Department of Provincial and Local Government
DWAF	- Department of Water Affairs and Forestry
EXCO	- Executive Committee
GAAP	- Generally Accepted Accounting Practice
GEPF	- Government Employees Pension Fund
GFCSA	- Global Forecasting Centre for Southern Africa
GOOS	- Global Ocean Observing System
ICAO	- International Civil Aviation Organization
ICAS	- Independent Cancellling and Advisory Services
ICT	- Information and Communication Technology
MetCap	- Meteorological Data Capturing System
METSYS	- Meteorological Systems
MSG	- Meteosat Second Generation
NDOT	- National Department of Transport
NEPAD	- New Partnership for Africa's Development
NFC	- National Forecasting Centre
PFMA	- Public Finance Management Act
RSMC	- Regional Specialised Meteorological Centre
RTH	- Regional Telecommunications Hub
SAAS	- Statement of South African Auditing Standards
SABC	- South African Broadcasting Corporation
SAC	- Satellite Applications Centre
SADC	- Southern African Development Community
SALT	- Southern African Large Telescope
SAWS	- South African Weather Service
SCOM	- Subcommittee on Meteorology
UPS	- Uninterruptible power supply
WMO	- World Meteorological Organization

The boy with his head in the air

*Soon its gonna rain, I can feel it
Soon its gonna rain, I can tell*

Oh, Lord these hips are aching
Please, let it rain

Not today, says that boy of mine
says the weather man said
that the weather station said
that the satellite said

“Just gale force winds in the Cape but warm and mild for the rest of the country”

And he flips around, that boy of mine
his finger pointing at the air around his head

“Low cloud cover over the Great Lakes region and unexpected rain in Timbuktu”

That’s what he said, that boy of mine
what the weatherman said
that the weather station said
that the satellite said.

That boy of mine
always looking at the sky
sniffing at the air
poking the ground
says he wants to be a weatherman some day

that he’ll know when the drought will end
says he’ll tell people when to plant,
that he’ll measure air and shift the winds
says he’ll warn about floods and monsoons and even snow

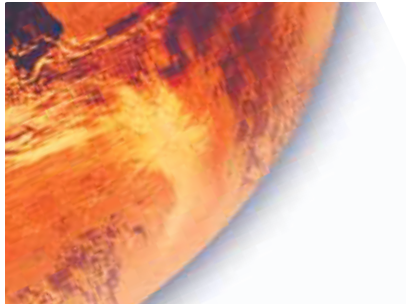
cuz if he’s the weatherman he’ll know

that the weatherman says what the
weather station says
that the satellite says that
all the satellites

ALL OVER AFRICA SAY THAT...

Oh, Lord these hips are aching

*Soon its gonna rain, I can feel it
Soon its gonna rain, I can tell*



Contact Details

Pretoria National Forecasting Centre	082 233 9800
Aviation Weather Centre, Jhb	082 233 9600
Bloemfontein Weather Office	082 233 9100
Cape Town Weather Office	082 233 9900
Durban Weather Office	082 233 9500
Port Elizabeth Weather Office	082 233 9700
Climate Information Data	082 233 8484
Forecasts longer than 7 Days	082 233 9000
Chairperson of the Board	+ 27 (0) 12 367 6078
Chief Executive Officer	+ 27 (0) 12 367 6112

Weatherline **082 162** Website www.weathersa.co.za

The South African Weather Service Private Bag X097 Pretoria 0001

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