



HIGH LEVEL OVERVIEW

WATER SECTOR FINANCIAL PERFORMANCE

13 February 2009

Masibambane Coordinating Committee Meeting



Content

- **Overview of Water Sector Expenditure for Quarter 3 (31/12/2008).**
- **Challenges with Water Sector Financial Information.**
- **Detailed expenditure analysis per quadrant**
- **Challenges Ahead and Way forward**

WATER SECTOR 2008/2009 FINANCIAL SUMMARY

as at end December 2008



Total Q1
Bud= R2.9b
Exp= R1.6b

Total Q2
Bud= R14.8b
Exp= R2.9b

Quadrant 1
DWF
WS specific

1

Quadrant 2
Non DWF
WS specific

2

	Budget	Actual	%
Donor Projects	R530.2m	R167.6m	31.6
Prog 3	R2,423.7m	R1,464.1m	60,4

	Budget	Actual	%
Capital	R6,116.6m	R2,922.6m	55
Recurrent	R8,711.0m	n/a	n/a

	Budget	Actual	%
Prog 2 - Cur	R1,351.8m	R925.3m	65,5
Prog 2 - Cap	R1,931.8m	R1,293.5m	67.0

	Budget	Actual	%
Recurrent	R38m	0,074m	0,2

Quadrant 3
DWF
WR specific

3

Quadrant 4
Non DWF
Non WS specific

4

n/a – information not available

Total Q3
Bud= R3.3b
Exp= R2.2b

Total Q4
Bud= R0.038b
Exp= R0.074m

2008/2009 WS Grand total budget = R21,103m



CHALLENGES WITH SECTOR INFORMATION - 2008/2009



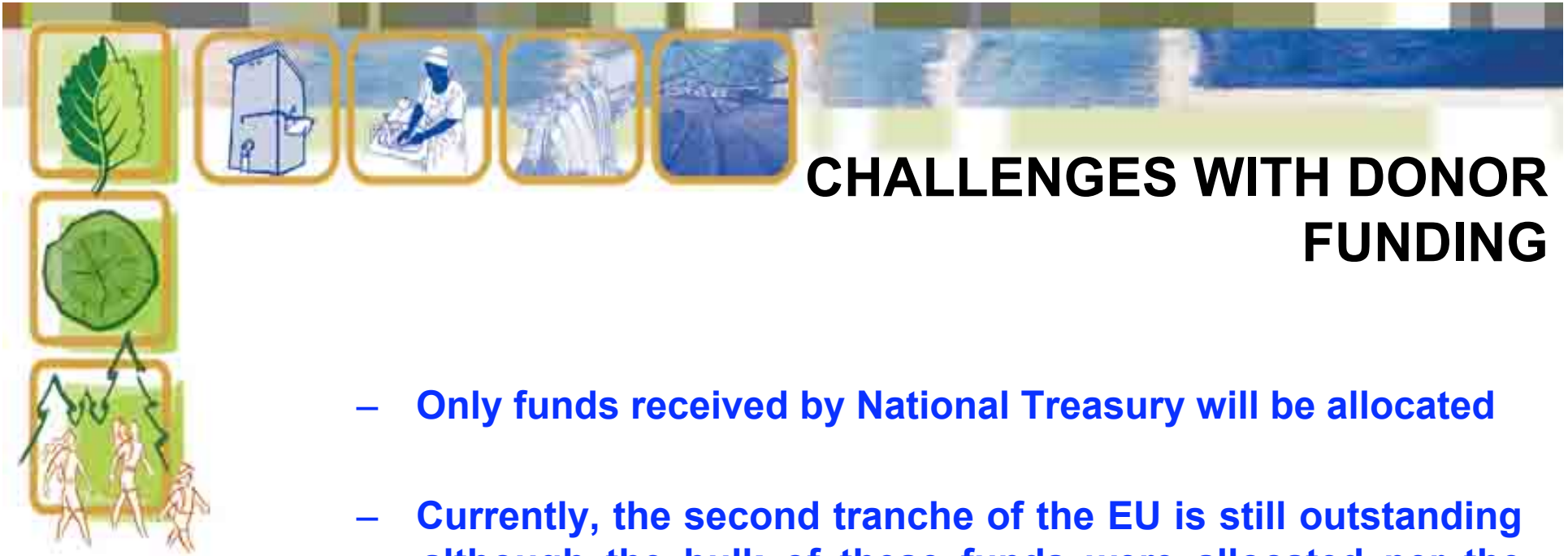
Equitable Share



- **Several requests to NT reconfirms that no expenditure information against budget is available for all the municipalities**
 - The NT confirmed that they are in a process with pilot project including 40 LM/DM's to report on what equitable share funds were utilised
 - This is the first step of a three year programme to include all municipalities to report on equitable share funds
- **Palmer Development was requested to present a status quo on municipal expenditure at the next Water Sector Budget & Expenditure Meeting. Feedback on this will be provided at the next WSCC meeting in May 2009.**

Water Boards

- **To further the water sector information, resources will be allocated to obtain spending analysis from water boards**



CHALLENGES WITH DONOR FUNDING

- Only funds received by National Treasury will be allocated
- Currently, the second tranche of the EU is still outstanding although the bulk of these funds were allocated per the 2008/09 budget allocation
 - » If these funds are not received before year end, it will result in an audit query
- To determine available Donor funds and finalise 2009/10 Donor Budget Allocation
 - » Limited funds (Requests vs. Available Funds)

2008/2009

EXPENDITURE ANALYSIS

QUADRANT 1: DWAF WATER SERVICES

Quadrant 1: DWAF - Water Services Specific

	2008/2009		
	Budget	Expend.	% Expenditure
	R'000	R' 000	
- DWAF Funding			
- Donor Funding (EU, DCI, Flemish, Swiss	530,170	167,611	31.6%
> EU (Contract signature - Sep 07)	486,960	140,493	28.9%
> Irish Aid	42,410	24,286	57.3%
> Flemish	-	2,689	0.0%
> Swiss	800	143	17.9%
	530,170	167,611	31.6%
- Current Budget Prog 3: Water Services	380,625	350,613	92.1%
- Indriect Grant Water Services Operating Subsidy	1,383,070	872,719	63.1%
- Water & Sanitation @ Clinics and Schools	210,000	88,738	42.3%
- Bulk Infrastructure	450,000	152,120	33.8%
	2,423,695	1,464,190	60.4%
Total	2,953,865	1,631,801	55.2%





QUADRANT 1: DWAf EXPENDITURE PER PROVINCE

Province	Q3 - Dec 08 Cumulative Expenditure YTD	2008/2009 Revised DBA	% Expenditure
Head Office	82,951,484	273,985,000	30.3%
CD: Eastern Cape	6,898,252	23,500,000	29.4%
CD: Free State	7,611,630	31,100,000	24.5%
CD: Gauteng	9,416,708	33,200,000	28.4%
CD: Kwazulu Natal	0	12,800,000	0.0%
CD: Limpopo	26,974,757	38,750,000	69.6%
CD: Mpumalanga	5,999,090	19,450,802	30.8%
CD: Northern Cape	16,110,441	42,596,000	37.8%
CD: North West	3,904,220	19,175,000	20.4%
CD: Western Cape	7,744,612	36,100,000	21.5%
Grand Total	167,611,194	530,656,802	31.5%

2008/2009

EXPENDITURE ANALYSIS

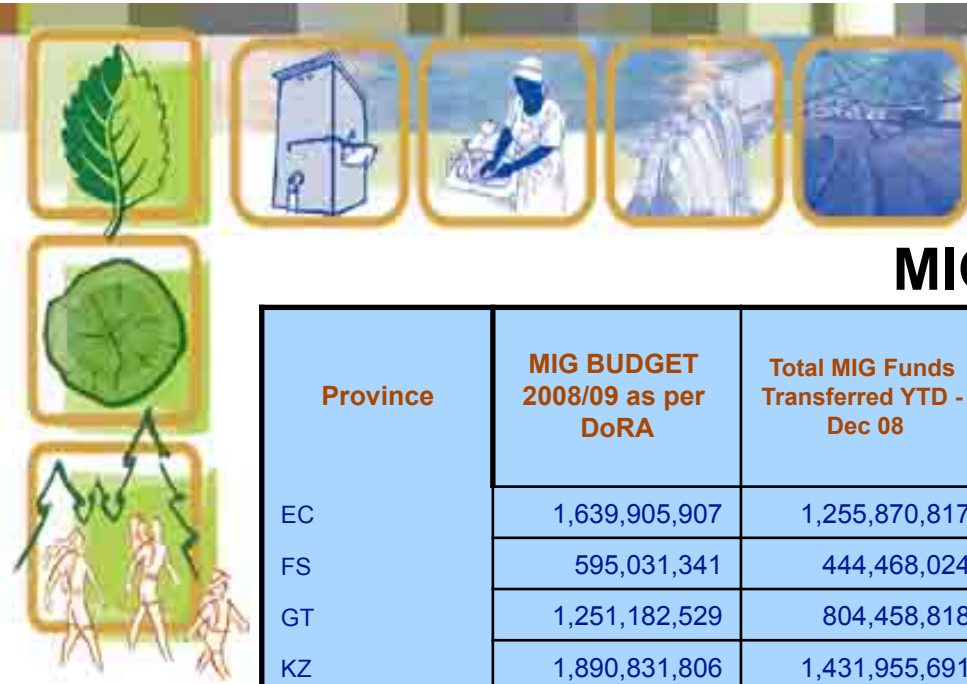
QUADRANT 2: NON-DWAF WATER SERVICES

Quadrant 2: Non-DWAF - Water Services Specific					
	2008/2009				
	Budget	Expen	WS Budget	WS Expend.	% WS
	R'000	R'000	R' 000	R' 000	Expenditure
- Municipal Infrastructure Grant (MIG) (61.49%)	8,657,090	4,753,011	5,323,245	2,922,626	55%
Hospital Revitalisation Grant (5%)	2,282,663	-	114,133	-	0%
Integrated Housing and Human Settlement Dev G	9,852,842	-	492,642	-	0%
Provincial Infrastructure Grant (2.5%)	7,246,707	-	181,168	-	0%
Cities Network	271,000	-	5,420	-	0%
	28,310,302	4,753,011	6,116,608	2,922,626	0
- Equitable Share (35%)	24,888,692	-	8,711,042	-	0
	24,888,692	0	8,711,042	0	0.0%
Total	53,198,994	4,753,011	14,827,650	2,922,626	19.7%

No financial information available

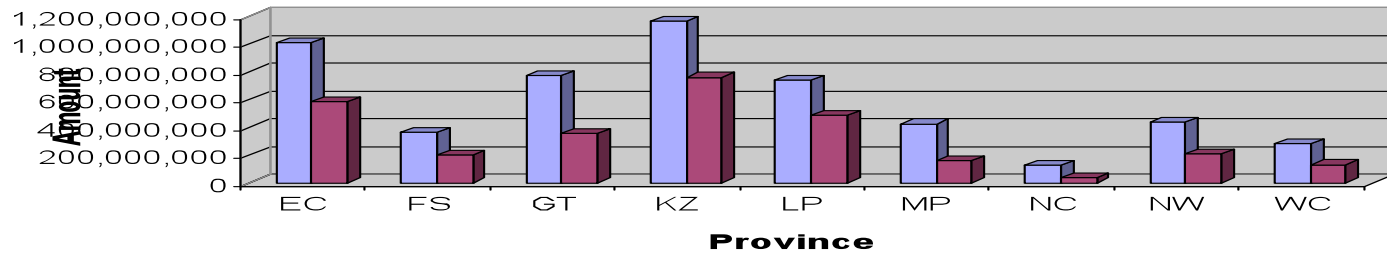
Unconditional grant – no expenditure report available

QUADRANT 2: MIG EXPENDITURE PER PROVINCE



Province	MIG BUDGET 2008/09 as per DoRA	Total MIG Funds Transferred YTD - Dec 08	Q3 MIG Cumulative Expenditure 2008/09 as per DoRA	Estimated MIG WS Budget 2008/2009 (61.49% of DoRA allocation)	Q3 - MIG WS Cumulative Expenditure (Apr - Dec 2008)	% MIG WS Expenditure 2008/09
EC	1,639,905,907	1,255,870,817	951,386,375	1,008,378,142	585,007,482	58.0%
FS	595,031,341	444,468,024	326,150,466	365,884,771	200,549,921	54.8%
GT	1,251,182,529	804,458,818	574,851,039	769,352,137	353,475,904	45.9%
KZ	1,890,831,806	1,431,955,691	1,235,178,765	1,162,672,477	759,511,422	65.3%
LP	1,204,170,564	904,018,511	789,362,994	740,444,480	485,379,305	65.6%
MP	689,865,079	450,411,862	261,833,023	424,198,037	161,001,126	38.0%
NC	209,484,885	124,598,745	63,179,171	128,812,256	38,848,872	30.2%
NW	713,841,800	478,910,000	339,028,985	438,941,323	208,468,923	47.5%
WC	462,776,091	310,784,813	212,040,301	284,561,018	130,383,581	45.8%
Grand Total	8,657,090,000	6,205,477,280	4,753,011,118	5,323,244,641	2,922,626,536	54.9%

MIG Water Services Expenditure per Province



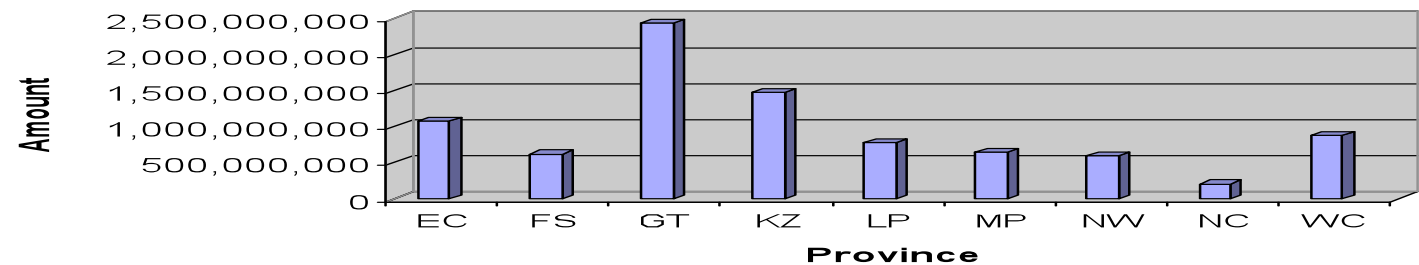
■ Estimated MIG WS Budget 2008/2009 (61.49% of DoRA allocation)

■ Q3 - MIG WS Cumulative Expenditure (Apr - Dec 2008)

QUADRANT 2: EQUITABLE SHARE

Province	Equitable Share Sector Budget 2008/09	WS - Equitable Share (35%) Budget 2008/09	Equitable Share Expenditure Dec 2008
EC	3,080,219,000	1,078,076,650	
FS	1,768,360,000	618,926,000	
GT	6,943,416,000	2,430,195,600	
KZ	4,211,499,000	1,474,024,650	
LP	2,231,948,000	781,181,800	
MP	1,836,409,000	642,743,150	
NW	1,717,610,000	601,163,500	
NC	589,473,000	206,315,550	
WC	2,509,758,000	878,415,300	
Grand Total	24,888,692,000	8,711,042,200	

Quadrant 2: WS Portion of Equitable Share per Region

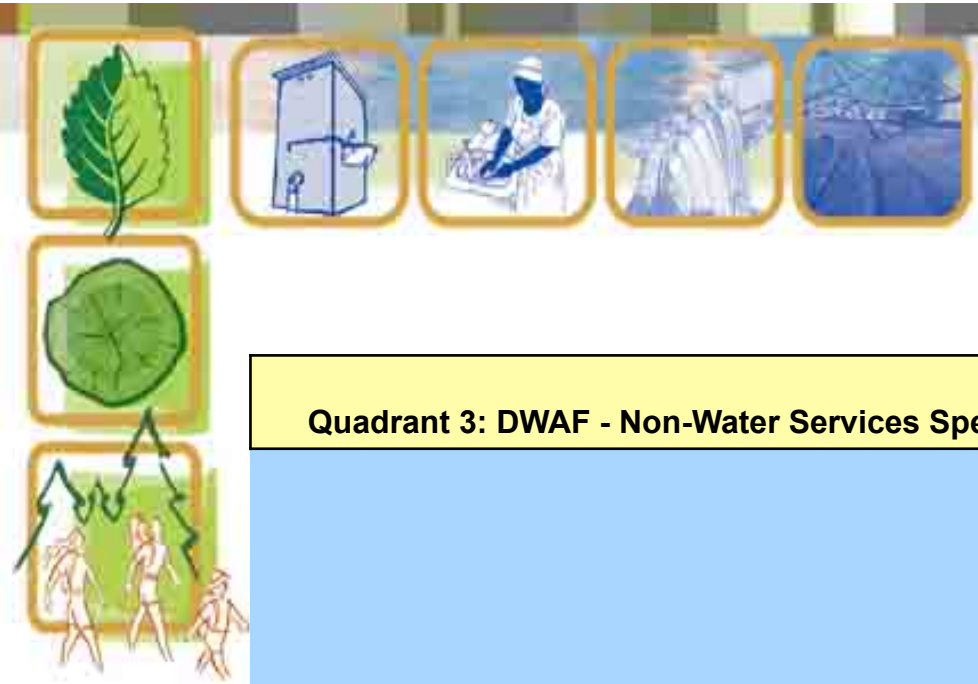


■ WS- Equitable Share (35%) Budget 2008/09

■ Equitable Share Expenditure Dec 2008

National Treasury is in the process to implement reporting (expenditure etc.) against the Equitable Share grant.
- all 284 municipalities to report by March 2009.

QUADRANT 3: DWAFF WATER RESOURCES



Quadrant 3: DWAFF - Non-Water Services Specific			
	2008/2009		
	Budget	Expend.	% Expenditure
	R' 000	R' 000	
Programme 2 - Water Resources			
Current	1,351,789	925,319	68.5%
Augmentation of Trading Account			
+ Infrastructure	1,615,622	1,043,383	64.6%
+ KOBWA	316,233	250,095	79.1%
Total	3,283,644	2,218,797	67.6%



EXPENDITURE ANALYSIS

QUADRANT 4: NON-DWAF, “NON WATER SECTOR” (CAPACITY BUILDING GRANTS)

Quadrant 4: Non-DWAF - Non-Water Services Specific			
	2008/2009		
	WS Budget	WS Expend.	% WS Expenditure
	R' 000	R' 000	
- Local Government Financial Management Grant (10%)	18,000	-	
- Municipal Systems Improvement Grant (10%)	20,000	74	
Total	38,000	74	0.2%



Way forward

- **As a result, a more conservative approach will be followed in allocating funds**
- **Improve the turnaround time on the submission of information to donors to ensure that funds are received on time**
- **More emphasis should be placed on value for money received from projects (Current economic climate)**
 - Improved quality and detail of project information will be required before allocation of funding
 - Important that proper contract management is maintained and copies of all contracts must be made available to the donor budget allocation team