



HIGH LEVEL OVERVIEW

WATER SECTOR FINANCIAL PERFORMANCE

22 September 2009

Masibambane Coordinating Committee Meeting



Content

- **Overview of Water Sector Expenditure as at 30 June 2009**
- **Challenges with Water Sector Financial Information.**
- **Detailed expenditure analysis per quadrant**



WATER SECTOR 2009/10 FINANCIAL SUMMARY: 30 JUNE 2009

Total Q1
Bud= R3.2b
Exp= R0.5b

Quadrant 1
DWA
WS specific

1

| | <i>Budget</i> | <i>Actual</i> | % |
|-----------------------|---------------|---------------|----|
| Donor Projects | R503m | R47m | 9 |
| Prog 3 | R2,733m | R439m | 15 |

Total Q2
Bud= R13.7b
Exp= R0.b

Quadrant 2
Non DWA
WS specific

2

| | <i>Budget</i> | <i>Actual</i> | % |
|------------------|---------------|---------------|-----|
| Capital | R5,423m | R496m | 9 |
| Recurrent | R8,347m | n/a | n/a |

| | <i>Budget</i> | <i>Actual</i> | % |
|---------------------|---------------|---------------|----|
| Prog 2 - Cur | R1,495m | R290m | 19 |
| Prog 2 - Cap | R2,169m | R558m | 26 |

| | <i>Budget</i> | <i>Actual</i> | % |
|------------------|---------------|---------------|-----|
| Recurrent | R50m | n/a | n/a |

Total Q3
Bud= R3.7b
Exp= R0.9b

Quadrant 3
DWA
WR specific

3

Quadrant 4
Non DWA
Non WS
specific

4

n/a – information not available

Total Q4
Bud= R0.05b
Exp =n/a

2009/2010 WS Grand total budget = R20.7b



CHALLENGES WITH SECTOR INFORMATION

Information on actual expenditure is unavailable for the following items:

- **Equitable Share (This is unconditional grant with no formal reporting requirements, and it forms part of overall munics income.)**
- **Financial Management Grant and Local Government Municipal Systems Improvement Grant**

Several attempts to get expenditure reports from the National Treasury were unsuccessful

PROJECTED AVAILABLE DONOR FUNDS FOR 2009/10 BUDGET ALLOCATION

| | Euro | Exchange Rate | Rand |
|---|------------|---------------|--------------------|
| Accrued Interest (Received May 2009) | | | 24 000 000 |
| 2 ND Fixed Tranche (Received in June 2009) | 24 000 000 | 11 | 265 000 000 |
| 1 st Variable Tranche (Expected in Sep/Oct 2009) | 10 000 000 | 11 | 110 000 000 |
| 3 rd Fixed Tranche (Expected in Nov 2009) | 25 000 000 | 10 | 250 000 000 |
| 2 ND Variable Tranche (To be received February 2010) | 11 000 000 | 10 | 110 000 000 |
| Total to be received 2009/10 | | | 749 000 000 |
| Deficit at 31 March 2009 | | | (269 000 000) |
| Available Funds 2009/10 – EU | | | 480 000 000 |
| Irish Aid | | | |
| Surplus brought forward | | | 8 000 000 |
| Second Fixed Tranche | 1 500 000 | 10 | 15 000 000 |
| Available Funds 2009/10 – Irish Aid | | | 23 000 000 |
| Total Available Funds 2009/10 – EU & Irish Aid | | | 503 000 000 |



CHALLENGES WITH DONOR FUNDING



- The delay in receipt of funds from donors has led to a slow start of donor projects in 2009/10 financial year
- The delay has been occasioned by administrative matters arising from the donors' side
- The CFO has now authorized limited use of Voted Funds to support donor projects as the department awaits the receipt of funds
- Irish Aid has drastically reduced its funding (from Euro 4.1m annually to Euro 15m)
 - This will affect DWAF's projects especially in Limpopo



Overview of Expenditure Performance April to June 2009

QUADRANT VIEW OF WATER SECTOR BUDGET & EXPENDITURE TO 30 JUNE 2009

| Quadrant 1: DWA - Water Services Specific | | | |
|---|------------------|----------------|--------------|
| | 2009/2010 | | |
| | Budget | Expend. | % |
| | R'000 | R' 000 | Expenditure |
| Donor Funding (EU, DCI, Flemish, Swiss) | 503,000 | 46,460 | 9.2% |
| > EU (Contract signature - Sep 07) | 480,000 | 31,612 | 6.6% |
| > Irish Aid | 23,000 | 14,848 | 64.6% |
| > Flemish | - | - | 0.0% |
| > Swiss | - | - | 0.0% |
| | 503,000 | 46,460 | 9.2% |
| - Current Budget Prog 3: Water Services | 657,335 | 109,664 | 16.7% |
| - Indirect Grant Water Services Operating Subsidy | 1,113,778 | 238,679 | 21.4% |
| - Water & Sanitation @ Clinics and Schools | 350,000 | 45,556 | 13.0% |
| - Bulk Infrastructure | 611,500 | 44,943 | 7.3% |
| | 2,732,613 | 438,842 | 16.1% |
| Total | 3,235,613 | 485,302 | 15.0% |

| Quadrant 2: Non-DWA - Water Services Specific | | | | | |
|--|-------------------|------------------|-------------------|----------------|-------------|
| | 2009/2010 | | | | |
| | Budget | Expen | WS Budget | WS Expend. | % WS |
| | R'000 | R'000 | R' 000 | R' 000 | Expenditure |
| Municipal Infrastructure Grant (MIG) (49.84%) | 8,852,830 | 414,322 | 4,412,250 | 254,766 | 6% |
| Hospital Revitalisation Grant (5%) | 3,186,303 | 597,006 | 159,315 | 29,850 | 19% |
| Integrated Housing and Human Settlement Dev Grant (5%) | 12,442,276 | 3,195,992 | 622,114 | 159,800 | 26% |
| Infrastructure Grant to Provinces (2.5%) | 9,249,247 | 2,042,091 | 231,231 | 51,052 | 22% |
| | 33,730,656 | 6,249,411 | 5,424,911 | 495,469 | 9% |
| - Equitable Share (35%) | 23,847,558 | | 8,346,645 | | - |
| | 23,847,558 | 0 | 8,346,645 | 0 | 0.0% |
| Total | 57,578,214 | 6,249,411 | 13,771,556 | 495,469 | 3.6% |

| Quadrant 3: DWA - Non-Water Services Specific | | | |
|---|------------------|----------------|--------------|
| | 2009/2010 | | |
| | Budget | Expend. | % |
| | R' 000 | R' 000 | Expenditure |
| Programme 2 - Water Resources | | | |
| Current | 1,495,020 | 290,075 | 19.4% |
| Augmentation of Trading Account | | | |
| + Infrastructure | 1,989,201 | 531,166 | 26.7% |
| + KOBWA | 180,000 | 26,959 | 15.0% |
| Total | 3,664,221 | 848,200 | 23.1% |

| Quadrant 4: Non-DWA - Non-Water Services Specific | | | | |
|---|----------------|----------|---------------|------------|
| | 2009/2010 | | | |
| | Budget | Expen | WS Budget | WS Expend. |
| | R' 000 | R'000 | R' 000 | R' 000 |
| - Local Government Financial Management Grant (10%) | 299,990 | | 29,999 | - |
| - Municipal Systems Improvement Grant (10%) | 200,000 | | 20,000 | - |
| Total | 499,990 | 0 | 49,999 | 0 |

Information not readily available. Follow-ups with National Treasury has not been successful.

Total Sector

20,721,389 1,828,971 8.8%

QUADRANT 1: DWAF EXPENDITURE PER PROVINCE

| REGION | EXPENDITURE YTD | BUDGET 2009/10 | EXP TO BUDGET |
|--|-------------------|--------------------|---------------|
| Sector Partners (SALGA, DCGTA, CBOs, DoH, Regional Offices, Municipalities, etc) | 18,766,622 | 270,702,540 | 7% |
| Eastern Cape | 1,005,509 | 20,722,326 | 5% |
| Free State | - | 25,000,000 | 0% |
| Gauteng | 4,317,432 | 17,806,547 | 32% |
| KwaZulu Natal | 1,000,000 | 20,000,000 | 5% |
| Limpopo | 11,188,244 | 19,712,000 | 58% |
| Mpumalanga | 248,976 | 20,800,000 | 1% |
| Northern Cape | 8,274,638 | 33,200,000 | 25% |
| North West | 1,144,295 | 28,920,000 | 4% |
| Western Cape | 514,000 | 19,394,000 | 3% |
| Total | 46,459,715 | 476,257,413 | 10% |

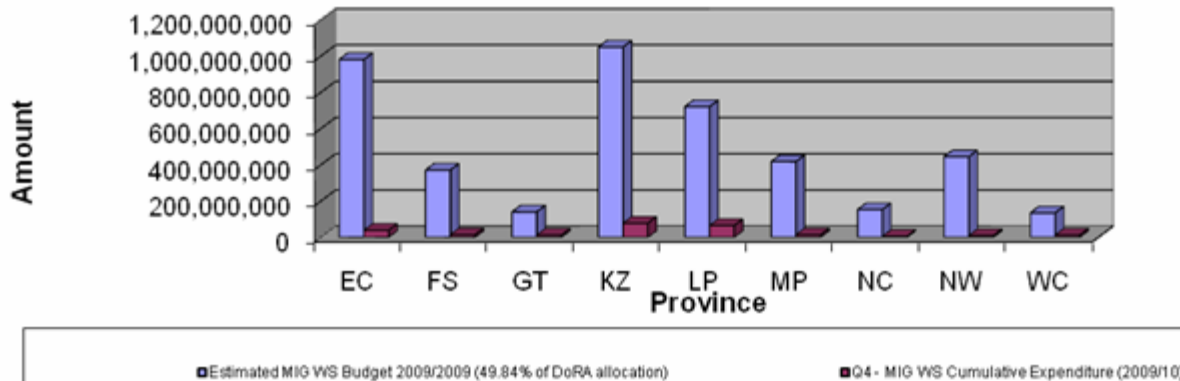


QUADRANT 2:

MIG EXPENDITURE PER PROVINCE

| Province | MIG BUDGET 2009/09 as per DoRA | Total MIG Funds Transferred YTD - June 09 | Q1 MIG Cumulative Expenditure 2009/10 | Estimated MIG WS Budget 2009/2009 (49.84% of DoRA allocation) | Q4 - MIG WS Cumulative Expenditure (2009/10) | % MIG WS Expenditure 2009/10 |
|--------------------|--------------------------------|---|---------------------------------------|---|--|------------------------------|
| EC | 1,968,928,935 | 168,756,000 | 63,930,579 | 981,314,181 | 39,310,913 | 4.0% |
| FS | 745,500,913 | 94,122,000 | 24,189,000 | 371,557,655 | 14,873,816 | 4.0% |
| GT | 282,058,395 | 24,329,000 | 20,974,000 | 140,577,904 | 12,896,913 | 9.2% |
| KZ | 2,107,578,706 | 155,554,000 | 127,893,000 | 1,050,417,227 | 78,641,406 | 7.5% |
| LP | 1,446,349,765 | 125,030,000 | 106,047,000 | 720,860,723 | 65,208,300 | 9.0% |
| MP | 838,913,989 | 61,631,000 | 23,873,000 | 418,114,732 | 14,679,508 | 3.5% |
| NC | 307,242,339 | 23,184,000 | 9,446,000 | 153,129,582 | 5,808,345 | 3.8% |
| NW | 892,573,549 | 49,805,000 | 16,300,000 | 444,858,657 | 10,022,870 | 2.3% |
| WC | 271,363,918 | 26,777,000 | 21,669,000 | 135,247,777 | 13,324,268 | 9.9% |
| Grand Total | 8,860,510,509 | 729,188,000 | 414,321,579 | 4,416,078,438 | 254,766,339 | 5.8% |

MIG Water Services Expenditure per Province





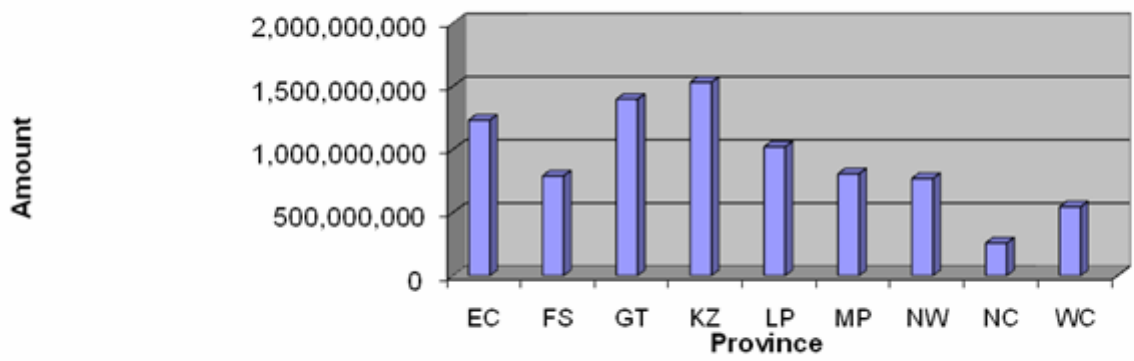
EXPENDITURE ANALYSIS QUAD. 2: EQUITABLE SHARE



| Province | Equitable Share Sector Budget 2009/10 | WS - Equitable Share (35%) Budget 2009/10 | Equitable Share Expenditure June 2009 |
|--------------------|---------------------------------------|---|---------------------------------------|
| EC | 3,518,385,000 | 1,231,434,750 | |
| FS | 2,255,756,000 | 789,514,600 | |
| GT | 3,991,532,000 | 1,397,036,200 | |
| KZ | 4,373,543,000 | 1,530,740,050 | |
| LP | 2,914,792,000 | 1,020,177,200 | |
| MP | 2,303,532,000 | 806,236,200 | |
| NW | 2,197,506,000 | 769,127,100 | |
| NC | 736,676,000 | 257,836,600 | |
| WC | 1,555,836,000 | 544,542,600 | |
| Grand Total | 23,847,558,000 | 8,346,645,300 | |

Information not available

Quadrant 2: WS Portion of Equitable Share per Region



■ WS - Equitable Share (35%) Budget 2009/10 ■ Equitable Share Expenditure June 2009



EXPENDITURE ANALYSIS QUADRANT 3: DWAf WATER RESOURCES

Quadrant 3: DWA - Non-Water Services Specific

| | 2009/2010 | | |
|---------------------------------|------------------|----------------|---------------|
| | Budget | Expend. | % Expenditure |
| | R' 000 | R' 000 | |
| Programme 2 - Water Resources | | | |
| Current | 1,495,020 | 290,075 | 19.4% |
| Augmentation of Trading Account | | | |
| + Infrastructure | 1,989,201 | 531,166 | 26.7% |
| + KOBWA | 180,000 | 26,959 | 15.0% |
| Total | 3,664,221 | 848,200 | 23.1% |



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

| Quadrant 4: Non-DWA - Non-Water Services Specific | | | | | |
|---|----------------|----------|---------------|------------|------------------|
| | 2009/2010 | | | | |
| | Budget | Expen | WS Budget | WS Expend. | % WS Expenditure |
| | R' 000 | R'000 | R' 000 | R' 000 | |
| - Local Government Financial Management Grant (10%) | 299,990 | | 29,999 | - | |
| - Municipal Systems Improvement Grant (10%) | 200,000 | | 20,000 | - | |
| Total | 499,990 | 0 | 49,999 | 0 | 0.0% |



Information not readily available. Follow-ups with National Treasury has not been successful.



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